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**MODERN ITALY**  
***ITS INTELLECTUAL, CULTURAL***  
**AND**  
***FINANCIAL ASPECTS***

BY  
**TOMMASO TITTONI**  
*President of the Italian Senate*

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**MODERN ITALY  
ITS INTELLECTUAL, CULTURAL  
AND FINANCIAL ASPECTS**



# MODERN ITALY

## ITS INTELLECTUAL, SOCIAL AND FINANCIAL ASPECTS

### LECTURE I.

#### ITALY'S CONTRIBUTION TO MODERN LITERATURE, ART, AND SCIENCE.

##### I.

##### INTRODUCTION.

The great Italian historian, Carlo Botta, begins his history of the American war of independence by paying a tribute to the qualities of the American people. Let me pay a like tribute to-day in beginning the lectures I am to deliver in response to the courteous invitation of this Institute of Politics. Ever since I read, as a youth, the classic work of Alexis de Tocqueville on American Democracy, I have remembered these words of his: "Although the desire to acquire wealth is the dominating passion of the Americans, there are times when their soul seems suddenly to burst the material bonds which bind it, and to rise impetuously heavenward."


Honor be to you, people of America, and to all those

peoples in whom selfish considerations have not extinguished the flame of great ideals!

Allow me, my American friends, to cite a passage from Titus Livy's "Roman History" (Liber XXXIII), which seems to me to express admirably the motives and the character of America's intervention in the World War: "A wonderful thing! that there should exist a people who, at their own cost, with their own means, and at their own peril should undertake a war for the liberty of others, not merely for their neighbors or those close at hand, or even for peoples of the same continent—but that they should cross the seas in order that nowhere in the world should remain an unrighteous empire, and to the end that *JUS-FAS-LEX* should rule all things and all nations."

This cult of the ideal the Italians hold in common with you. Speaking recently of our nation, the former British Ambassador, Sir Rennell Rodd, said in a lecture he gave at the British Academy: "One of the characteristics which has always impressed me in the Italian people as a whole is their intense feeling for justice and their passionate resentment of injustice. Is this also in some measure an inheritance from the State which gave laws to the world?"

This bond of spiritual union should always unite Italy and America, an idea which was admirably expressed by President Harding, when, in his message to the President of the Italy-America Society gathered to welcome the Italian Ambassador, Rolando Ricci, he said: "Like our own, the aspirations of the Italian people are directed toward well-ordered progress based upon material welfare, in part, but founded first of all



upon the merit and worth of human character and aimed at human achievement."

And these words of President Harding's echo the thought expressed fifty-six years before by his predecessor, Abraham Lincoln, to the representative of Italy in Washington: "At no time in this unhappy fratricidal war in which we are only trying to save and to strengthen the foundations of our national unity, have the King and people of Italy failed to address us in terms of respect, confidence, and friendship. I pray God to protect your country and to grant that you may crown with success its ancient achievements in the fields of art, of science, and of liberty."

And I do not fear to multiply these quotations by reminding you also of the beautiful words addressed to Abraham Lincoln by Giuseppe Garibaldi, words which ring out like a glorious epigraph: "America, mistress of liberty, opens once more the solemn era of human progress."

Were I only to enumerate the intellectual relations which have existed for years between the United States and Italy, it would take me too far afield. I will, therefore, restrict myself to just two instances. And as we are celebrating this year the sixth centenary of Dante who, with Homer and Shakespeare, forms the triad which has risen to the highest summits attained by the human intellect, allow me to address a thought to your most representative poet, to Longfellow, who had a real cult for Dante. He brought to a successful issue the most difficult of tasks, that of translating in verse the Divine Comedy into a foreign tongue. The proofs of this translation reached Italy in 1865 for

the commemoration of the six-hundredth anniversary of Dante's birth.

Longfellow wrote that he used to read Dante on first awaking, as his morning prayer; and when he lost his beloved wife it was in the study of Dante that he sought consolation and relief.

Many Americans, besides the friends and disciples of Longfellow, have come under the spell of Dante. It is not possible to mention them all, but I must refer to James Russell Lowell of Harvard University, of whom my fellow Senator, Francesco Ruffini, wrote that "his essay on Dante is of all American studies the one which shows the deepest knowledge and understanding of the history, literature and spirit of our fourteenth century."

In order to acquaint Italians with the contribution that America has made to the studies on Dante, the eminent archeologist, Giacomo Boni, who has dedicated the best part of his life to restoring to their former shape the Forum and the Palatine, has recently published an article in our review, *La Nuova Antologia*, in which he enumerated the many studies on Dante which have at various times appeared in America.

The association of ideas now brings me from Dante to Lord Bryce. I am an old friend and a great admirer of Lord Bryce, whose life as a scholar, as a writer, and as a statesman has been entirely spent in the furthering of noble and generous ideals. When he speaks, one thinks of Thomas Moore's beautiful verses,

"On whose burning tongue  
Peace, freedom, and justice hung."

But for the very reason that he is esteemed and loved by the whole world I cannot allow to pass unanswered a statement concerning Italy which came to my notice during my trip from New York to Williamstown, and which seems to be lacking in that quality of customary impartiality for which Lord Bryce is so justly noted. But you will wonder what Dante has to do with Lord Bryce. It is because six hundred years ago Dante had already answered Lord Bryce. With far-seeing vision Dante defined Italy's natural boundaries. Let me quote the following verses from Longfellow's admirable translation:

"Above in beauteous Italy lies a lake  
At the Alps' foot that shuts in Germany  
Over Tyrol and has the name Benaco."

*"Suso in Italia bella giace un lago  
A pie dell' Alpe che serra Lamagna  
Sovra Tiralli ed ha nome Benaco."*

But the Alps that "shut in" Germany are none other than those that belong to the range of the Brennero whose highest peak significantly bears the name of *Vetta d'Italia*—Peak of Italy. And from the Brennero the Italian boundary should rightly extend to the Quarnaro, for, if I may quote again,

"Even as Pola, near to the Quarnaro  
That shuts in Italy and bathes its borders."

*"E come a Pola presso del Quarnaro  
Che Italia chiude e i suoi termini bagna  
Fanno i sepolcri tutto il loco varo."*

I do not intend to dwell at length upon this subject, which is essentially foreign to my lecture, nor do I wish to spend further time in demonstrating to you



Americans Italy's right to her natural boundary. All the more so as there have not been wanting Americans to uphold with eloquence the justice of Italy's claim.

I cannot, however, refrain from remarking that if it was Lord Bryce's object to illustrate the disregard for the principles of nationality, which he has felt to be manifest in the Treaty of Peace, he might better have thought *not* of the 200,000 Germans of the Southern Tyrol now incorporated in Italy but, rather, of the more than 7,500,000 of Germans, Lithuanians, Ruthenians allotted to Poland, of the 4,500,000 Germans, Hungarians, and Ruthenians who have fallen to Czecho-Slovakia, and of the 2,500,000 Hungarians, Germans, and Bulgars absorbed by Roumania, and of the 2,500,000 Germans, Hungarians, Albanians and Turks annexed by Serbia, and of the many more Albanians, Bulgars, and Turks annexed by Greece.<sup>1</sup> The last country to which his thought should have turned is Italy, which stands alone among the nations that have issued from the war with increased population and enlarged boundaries, as the nation having within its territory (and only for clearly manifest and vital motives) the smallest number of subjects of foreign stock; and, moreover, as the only one of the victorious nations part of whose sons are still separated from their mother-country. So that she stands to-day as the nation which has received the smallest reward for her great sacrifices. No! Italy has never been false to her noble traditions. She is, and will remain, the country of liberty and justice.

<sup>1</sup> The number of the aliens included in new Greece will be known only when the boundaries of Albania, Thrace and Smyrna have been defined.

In the second place, I must refer to the beneficent work accomplished in Italy by the American Red Cross during the war. It was in December, 1917, only two days after the United States had declared war on Austria, that one hundred ambulances of the American Red Cross passed through the streets of Milan on their way to the Italian front, where they rendered such valuable service as to deserve to be decorated with the War Cross. During the terrible days of the enemy invasion the American Red Cross built a village which housed two thousand refugees who found there lodging, baths, hospitals, schools, workshops, and loving help. One hundred and forty-one Italian towns were assisted by the American Red Cross, which penetrated from those centres into thousands of villages from the Alps to Sicily. The American Red Cross placed at the service of the Italian military authorities huge quantities of medical supplies and comforts; it opened canteens for our soldiers; and after the armistice for the returned prisoners, it took part in organizing a campaign for the control of tuberculosis; it afforded help to the children orphaned by the war.

Valuable help was also given us by the Italian War Relief Fund of America, by the Young Men's Christian Association, by the Association of American Poets, and by the Italo-American Committee to Supply Milk for the Babies. I account it a privilege to be able to renew here the public expression of the thanks of the Italian people to all these meritorious organizations.

Nevertheless, it is only too true that in spite of frequent contact, most Italians know little of America, just as most Americans know little of Italy. It is indeed a fact that Italy is one of the countries least known by

foreigners, even by those from neighboring European countries.

Too many come to Italy only to admire our monuments, to study our art treasures, to enjoy the beauties of our climate and our scenery. This has been admitted by foreigners themselves. I could quote from many, but I prefer to call on two Anglo-Saxon witnesses. Miss F. Underwood, in her book "United Italy," says: "Of the thousands of English and Americans who yearly find their way to Italy, many if not most have a genuine feeling of interest for this fair land, but few indeed know anything of the life that is lived around them nowadays, of the feelings and aspirations of United Italy, of her brave struggle to assert her place among the peoples of Europe, of the patience, the energy, and the endurance that has built up the Italy of to-day with her great achievements in almost every walk of life,—agriculture, industry, education and finance."


And Sir Rennell Rodd closed his lecture before the British Academy, from which I have already quoted, with the following words: "I would like to think that when our people return to Italy it will not be only to delight in her beauty and to explore the treasure-house of art, but in the spirit of a cordial ally seeking to understand the soul of a people who, of all European peoples, has always seemed to me the least envious or jealous of the prosperity of others."

The purpose of my lectures is to make Italy better known to you. I shall not speak to this audience of cultured men and women of the history of our *Risorgimento*, no less glorious than your own, and

which is well known to you, for it is one of the historical periods which has been most carefully studied by Americans. I will remind you that your famous poet John Greenleaf Whittier dedicated his finest poems to the Italian Liberation, of which he was an ardent advocate, and that the works of William Roscoe Thayer on "The Dawn of Italian Independence" and on "The Life and Times of Cavour" are deservedly considered as classics, and are among the very best books published in English on Modern Italy; that one of the most scholarly writers on our *Risorgimento* is an American, Nelson Gay, who has found a second home in Rome, where he has collected a splendid library on Italian history in his artistic apartment in the Palazzo Orsini; just as another of your countrymen, William Fiske, collected the important libraries of Dantesque and Petrarchesque literature which he bequeathed on his death to Cornell University.

Nelson Gay, regretting that two peoples who have so many ideals in common as the American and the Italian, should know so little of one another, is editing a series of biographies of illustrious Americans in the Italian language.

The first volume published was an essay on Thomas Jefferson by Thomas Nelson Page, who was American Ambassador in Rome from 1913 to 1919, and who left behind him most pleasant memories. He has recently published an interesting book, "Italy and the World War," with the following dedication: "Dedicated with profound appreciation to the Italian people, who, under their noble leader Victor Emmanuel III, by their heroic courage and yet more heroic sacrifices contributed



during the Great War so much to save the civilization which they had done so much to create."

Nor shall I speak to you of our political institutions and of our constitution, for they are dealt with in many excellent American works. I purpose rather to speak to you of the evolution of Italian thought in art, in science, in history, in literature, in philosophy, in law, in political economy. I shall set forth the financial situation of my country; the status of her agriculture and her industries, and the economic problems connected therewith, from the standpoint also of international relations; the relations between capital and labor, and social legislation; and in conclusion I shall have something to say about emigration.

You will not object if, in speaking of Italy, I begin with the development of her culture and the evolution of her thought. The real pride of a people consists in these, for, as Julius Cæsar said to Cicero: "It is a greater thing to have enlarged the boundaries of the Roman intellect than the boundaries of the Roman Empire."

Two English writers, Bolton King and Thomas Oakley, who co-operated in writing a book on Italy which they prefaced by these passionate lines:

"Open my heart and you will see  
Graved inside of it 'Italy';  
Such lovers old are I and she,  
So it always was, so shall ever be!"

say on the subject of Italian literature: "Italians, by the exigencies of their national conditions and by

the predominant tone of their mind, have been directed to economic and social studies rather than to *Belles Lettres*."

And an Italian writer has said that in Italy there is no lack of authors, but there is no literature. However this may be, in speaking to you of the authors I hope to give you an idea of our modern literature.

## II.

### LITERATURE.

To tell the truth, I am neither a scholar nor a critic of literature. At the most, I am—as Donnay said of Berthou on his reception at the French Academy—a statesman with literary friends and tastes. Therefore, I will not speak professionally, but will content myself with a brief outline.

Before 1848 Italian Literature had followed national necessities, and was political in substance, though in form divided into romanticism and classicism. When hope in the revolution was lost, it took other lines; it became melancholy and sentimental, cultivating weak and cadenced verse.

Giovanni Prati was preëminent in this latter form of romanticism, attaining great fame through his short poem *Edmenegarda*, and through a prolific output of lyrics which, in spite of inequalities and defects, contain fresh ideas, musical and harmonious versification, and which rank among the most noteworthy of our modern lyrics. Endowed with a considerable talent, he wrote profusely and was bitterly attacked by the

critics, but at the same time remained the most popular and productive poet of his time.

His rival was Aleardo Aleardi, who sang of love for woman and country; a poet of tender affection and of the most delicate sentimentality, who succeeded in touching all the young hearts of his age. But Aleardi had to share his honors with the priest Giuseppe Regaldi, who wrote emphatically rhetorical songs of religion, country, humanity and science.

Emilio Praga and Giacomo Zanella differed in tendency and in the form of their art. Praga leaned towards the French romanticists who transfused into their art the irregularity of life; Zanella, on the other hand, a pious clergyman, tried to reconcile faith and science, taking as the subject-matter of his poetry the domestic affections, patriotism, great historic personages, nature and science.

Giuseppe Rovani devoted himself to romantic literature, and published an enormous story entitled *Cento Anni*, similar in many respects to *Le Confessioni di un Ottagenario* by Ippolito Nievo. But the latter by far surpassed Rovani; the *Le Confessioni*, after the *Promessi Sposi* by Manzoni, is still the unequalled masterpiece of that class of literature.

Later Anton Giulio Barrili published his many pleasant and delightful illustrated novels through which move "fair women and brave men," and which are written in a clear and flowing style. He lacked passion and force, qualities which Salvatore Farina possessed, together with a certain acute insight, which gives vivid interest to his descriptions of the sorrows and joys of middle-class life.

In Pietro Cossa the theatre had an excellent exponent of historical drama. At first Cossa followed the beaten track, but later he devoted himself to Roman subjects, reproducing the ancient life, and mingling comedy with tragedy. Paolo Ferrari, on the other hand, devoted himself to comedy, and was particularly clever at constructing plots and creating types which have passed into proverb. From comedy he turned to the so-called *Thesis Drama*, and here also he was successful in his delineation of character.

Giacinto Gallina brilliantly renewed the Goldonian tradition in his dramatic productions, describing in the vernacular the lower and middle-class life of Venice with exquisite refinement. Another author in the vernacular was Vittorio Bersezio, whose name will always be linked with the famous comedy *Le Miserie di Monsù Travet*, a fresh, spontaneous work of art infused with a profound sense of reality.

Towards 1860 a reactionary movement took place against romanticism which, in various forms, still ruled; an intense movement to liberate poetry from weak sentimentality and to give back to it greater dignity of form.

*Odio l'usata poesia*, "I hate the facile poetry now prevailing," wrote Giosue Carducci, who identified himself with this classic revival, and whom Italy hails as her greatest poet. If I were to do him justice I should dedicate not one, but many lectures to the subject. On the other hand, his reputation and fame have spread beyond the borders of Italy and are spreading over the world, and there is no litterateur in any country who does not know him. The following



words which were written about him well describe, to my mind, the style of his poetic art:

"The classicism of Carducci is not pure extrinsic imitation of antique forms, but certainly a resurrection of the classic spirit of beauty and of form, of neatness of representation, clarity of style, and vital purity of language. Excelling in descriptions of natural scenery in light as in serious aspects, Carducci joined the ancient feeling for and conception of nature to the depiction peculiar to the moderns. The classic myths are not generally, as with Monti and his school, the cloak for his thought, but he re-thinks them with the spirit of the nineteenth century man, and extracts from them treasures of new poetry."

Also among prose writers Carducci occupies a very high place, due to his polemical and political writings, in which is found a style of singular vigor and originality; and in the field of criticism also he has made a considerable mark in editing the classical texts, and in his "History of the Development of the National Literature," which is drawn with sure and precise lines.

Others followed, or, rather, sought to follow, the lead of Carducci, such as Giovanni Marradi, the poet of easy, fresh and musical pictures of nature; Severino Ferrari, student, critic and gentle poet, who was inspired by the love of his wife, the love of friends and of his native land; and Guido Mazzoni, also a critic and historian of literature, an able translator of classic authors, and a writer of verse founded on legend. Mazzoni's verse is of a limpid design and a grace which comes from the purity of his language, which admits neither of harshness nor asperity.

Another line was tried by Enrico Nencioni, who dis-

played great taste as a critic of foreign literature; Enrico Panzacchi, a poet very easily moved and of most diverse sensibility that permitted him to touch all the chords of the heart; and Olindo Guerrini, a jovial poet who sang of his loves, his life, and his surroundings with humorous lightness, and with an epicurean form which sometimes betrayed an inward sadness.

Strong in his own artistic individuality, Giovanni Pascoli rises high, leading his school. A frank and profound love of nature and rural life, a singular aptitude for gathering poetry from certain subdued voices of the soul and of creation, an acute sense of human pain, suffused by love and piety, an ardent aspiration towards the good, and a really exquisite art of expression, make Pascoli an extremely original poet. The frank Italianity of his art renews the finest and most beautiful traditions.

The poetry of the wise, genial and gifted critic, Arturo Graf, has a vigorous personal touch in substance and in form, revealing a spirit trained to comprehend the complicated structure of modern life and to express it with a sad sense of mystery.

Another writer of lyrics and poems is Mario Rapisardi, who brings more modern thought to his work, but less purity of form.

On the other hand, the poetry of Ada Negri, the little village schoolmistress, who became with her *Tempeste* one of the most expressive of our authors, feels and presents the struggle and the anxieties of the poor, human suffering, and misery, with accents of truth and profound grief.

Another very well known authoress of lyrics and novels in Italy as well as in the Anglo-Saxon world, since she wrote in English, is Annie Vivanti. She is the poetess of caprice, of violent lightning-like and fleeting passion. Often in her novels she chooses subjects in which the degeneracy characteristic of the modern world is brought into sinister evidence.

Vernacular poetry has begun to flower again, and many parts of Italy boast dialectic poets.

One of the greatest of these is certainly Cesare Pascarella, who, without imitation, wishes to continue the romanesque tradition of Belli, and in his sonnets, can with amazing success expound human character through dialect, and rise to great heights in tragic and epic description.

Renato Fucini was in part a vernacular poet, who, in his sonnets in the Pisan dialect, represented comic and sometimes pathetic scenes and reached a completeness of artistic expression for which his types became famous. He also wrote novels in prose, amongst which, *Le Veglie di Neri*, an extremely popular book all over Italy, cannot be forgotten because of its profound intuition.

The historical romance having fallen into disuse, the novel took its place, the short story and the modern novel of character and manner forming itself on a realism which came to us from France, but which was as a matter of fact a return, probably unconfessed, to the healthy Manzonian romanticism, with the addition of a certain amount of objectivity and a certain ostentation of scientific theories, and a great care in description.

This tendency, moderated and compressed within a strictly personal form, was largely that of Giovanni Verga, who, in his famous romance, *La Malavoglia*, and in others, traces in the most extraordinary manner the life of the people, and of the middle classes of Sicily.

Luigi Capuana was also of this school. Born in the same district, he took to describing the same provincial life with less spontaneity, but with more thoughtfulness than Verga, on whom at the same time he exercised a certain influence, as, for that matter, Verga did on him.

The life of the Neapolitan lower middle classes, of the shopkeepers, the clerks, the lawyers in a small way, and pensioners of the great southern metropolis is the subject of the writings of Matilde Serao. All the impressions produced in her by the world are collected and elaborated with a wonderfully limpid and vivid fantasy, so that the characters which she depicts stand out with instant freshness and precision.

Grazia Deledda has done for Sardinia, her native country, what Verga did for Sicily; she has recounted the history and the life of the peasants and gentry, of villages and little cities of Sardinia. Deledda has the instinct of the story-teller; she discerns innumerable things in her countrymen. These things she selects, gives them a few touches, explains certain actions, and presents them with marvelous naturalness. But from a prose so simple and able spring dramatic situations and home-loving descriptions, which render Deledda a writer of the very first order. Her novels have been translated into many European languages.

In a field akin to romance, Edmondo de Amicis, one of the most popular Italian writers, looms in the foreground. Military life, travel, then social life with its anxieties and pains, were his favorite subjects. He made his characters too ideal, perhaps, since he was above all good and sentimental; but later on his psychological analysis became more profound, when he embraced ideals for the betterment of humanity.

In Ruggero Bonghi Italian prose found a writer of classical force, a tenacious supporter of the literary theories of Manzoni, which were put by him brilliantly into practice. Like him, Salvatore di Giacomo draws his material and color from Neapolitan life, but his temperament and art lead him to choose tragic, humorous or gruesome themes, mixtures of ferocity and tenderness, of comradeship and passion, of brutality and sentimentality.

The realistic or naturalistic novel did not hold the field for long, and at the end of the nineteenth century the psychological novel came into favor. The most famous exponent of this new sort of novel which studies the internal struggles of the intelligence and reason against surroundings and passionate impulse, is Gabriele d'Annunzio, vigorous prose writer, imaginative poet, ardent patriotic and valorous soldier. He, like Carducci, is very well known abroad, where his poems, his novels, and his dramas have been extensively translated. It is therefore superfluous for me to try to explain the appearance of his art or to judge his literary works, which are certainly well known.

Antonio Fogazzaro, on the other hand, is of another sort. Of frank and lively religious sentiment, loving

his country, animated by the purest ideals, the *Piccolo Mondo Antico* ("Little Old World") is his real masterpiece, and the *Santo* ("Saint") expresses most completely his religious thought.

Alfredo Oriani was a very original writer whose genius is gradually coming to be recognized in his vast and varied works of dramatic novel-writer, poet, critic, historian and philosopher. A turbulent spirit, exploring all points of view and always unsatisfied, solitary, without pupils, he narrated his romances and his autobiography with sorrowful and tragic pathos. He wrote impulsively, as though he had to make an immediate output, and he left innumerable writings full of wisdom and knowledge on politics, philosophy, history and criticism. He was also an elegant translator of Plato.

Ferdinando Martini turned to journalism, becoming in a short time one of our most brilliant, agile and skilful prose writers. He introduced into the stage the dramatic proverb after the French style, and with insuperable vivacity turned his attention to varied literary pursuits.

Amongst dramatic writers, Giuseppe Giacosa holds a leading place, dealing first with the mediæval idyl in the *Partita a Scacchi* ("The Game of Chess"), then historic drama. Finally he turned to psychological and costume comedy, such as *Come le Foglie* ("Like the Leaves"), noteworthy for its plot, and for the liveliness of the characters and dialogue.

Others who have been famous in the theatre are Giannino Antona-Traversi, who ranks with the best French writers of satirical social comedies, and Roberto Bracco, who started in journalism. His dramatic works

are numerous, and almost all of them have attained full success.

An original novelist, romantic moralist and comedian is Luigi Pirandello. His art is cynical realism, in which nevertheless there are not lacking pages of pure and true poetry. A refined spirit with philosophical tendencies, he possesses a homogeneous artistic temperament, the power of observation, and a vigorous style.

Alfredo Panzini is one of the most characteristic Italian writers of to-day; a well-informed, philosophical romancer, he is an anti-academic spirit *par excellence*. There are no adventures in his books, no great personages stand out, none of the usual painful psychological analysis, but simply an infinite number of incidents which the author considers in such a manner as to make one feel that the world is revolving around him in order to enable him to make dialogues.

A group of talented young people are gathering around reviews and in literary circles. I will not give you a long list of names which would have no meaning for you. Others will speak later of those whose fame will be worthy to pass the confines of Italy.

There are at present about forty chairs of Italian Literature in the American universities. However, only in two of the latter can the study of Italian be said to be complete, viz: Harvard and the University of Chicago. Professor Angelo Lipari of the University of Wisconsin, in an article which appeared this year in our foremost Italian review, *La Nuova Antologia*, made the statement that the teaching of the Italian language in America is inferior to that of the French,

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German, and Spanish languages, and Professor Mackenzie of the University of Illinois, after calling attention to the collections of Italian books and documents in America and to the studies on Dante and on our national *Risorgimento*, is nevertheless forced to remark that notwithstanding these, the intellectual life of modern Italy is largely ignored not only by the American public in general, but also by American university circles.

### III.

#### PAINTING

Throughout the nineteenth century we find that the art of painting predominates over all other manifestations of human intelligence. But this same century was a period of decadence for Italy, which had shone with such splendid effulgence, centered in the Venetian Giambattista Tiepolo, at the end of the seventeenth century. Painting, which had gloriously held the first place for four hundred years, would seem to have been swept away by the tide of the French Revolution.

Nevertheless, when Italy had attained her liberty and the unity of the Kingdom had become an accomplished fact, a vivid ray of art shone forth once more. But the new painters, unable to find any recent national tradition with which to link up their efforts, at first turned to the French school for example and assistance, much after the manner of what took place in America. In the first half of the century, the derivation of American painters may be traced more or less



directly to the English masters, as in the case of John Singleton Copley, Benjamin West, celebrated for his portrait of George Washington in the Boston Museum, Thomas Sully and Charles R. Leslie. In the second period, which comprises the second half of the century, we have three great personalities: the painters, James Abbott Whistler and John Lafarge, and the sculptor Augustus Saint Gaudens. These artists, as also the younger John Sargent, drew their inspiration from French art, while at the same time a sort of family air is distinguishable in their work, which has its origin in the single source—a great powerful country. Italian painters, on the other hand, notwithstanding the teaching of France, preserve the local characteristics of the different regions which gave them birth. Real unity is not to be found in recent Italian painting, neither do we possess one great national centre towards which scattered artistic activities converge.


Beginning with Rome, the academic style of painting as displayed by Vincenzo Camuccini, Filippo Agricola, Tommaso Minardi, Francesco Podesti and Ludovico Seitz held absolute sway in the first half of the nineteenth century. Greater freedom and imagination are to be found in the work of Cesare Maccari, who painted the frescoes in the Senate. The most vigorous and the most promising of the whole group was Cesare Fravassini, but he was overtaken by death at an early age.

Rome possessed a daring and very real innovator in Nino Costa, whose spirit showed a revolutionary touch both in his work and in his life. He blended high artistic intellect with a soldier's valour and fought like

a hero at San Pancrazio and in the defence of the Vascello. Among those who are still living, Aristide Sartorio, Adolfo de Carolis and Antonio Mancini should not be forgotten, the latter, born at Acireale, but a Roman through long residence, being among the best known and most esteemed painters in Italy.

In Naples the rallying cry rose loud and clear. Filippo Palizzi and Domenico Morelli, two names which have left a luminous furrow behind them in the field of modern painting, inculcated the study of real life in form, colour and expression both by precept and example, together with observation of the effect of open air on nature and on the figure. By the side of Morelli we find Bernardo Celentano, who painted the splendid picture of the Council of Ten and died when barely thirty-eight years of age. Francesco Paolo Michetti, born at Tocco Casauria, also hails from the south; he enjoyed considerable fame both in his own country and abroad, but his production has now ceased, perhaps by reason of his devotion to an unattainable artistic ideal.

Venice, too, the city of glorious artistic traditions, the city of Titian, Tintoretto, Paolo Veronese and Tiepolo, languished miserably under the heel of foreign tyranny. With its political independence, its spiritual freedom revived. Genius forced its way through the mould of an empty academic formalism, and a new ideal was born that had its roots planted deep in the minute study of all forms of reality. Among the members of this younger school Giacomo Favretto soon won for himself a pre-eminent place which he owed to his elegance of form, his untrammelled study of



colour and his love of truth. And grouped round Favretto we have many others whose work upholds the honour of Venetian art; of these it is sufficient to name Ettore Tito, who is at the present day reputed one of the first among Italian painters.

By a strange contrast we find art flourishing in Milan, the practical city of finance and of industrial enterprise. Federico Faruffini is one of the best known and most expressive painters of our day. He might almost be called a martyr to art, since neither his earnestness in the pursuit of his ideals nor the fecundity of his production brought him any favours from fortune; disappointment clouded his intellect and he had recourse to poison to extinguish an existence which he had come to find unbearable at thirty-eight.

The lives of Tranquillo Cremona and Daniel Ranzoni, who painted pictures full of spiritual refinement, were no brighter. From their characteristic spirituality, evident even in their ethereal technique, two robust artists impregnated with realism were evolved: Mosé Bianchi and Filippo Carcano.

From the blending of idealism with reality, from the sentimentality of Cremona and Ranzoni, which melted into the sturdy realism of Filippo Carcano, what is perhaps the highest and most original soul of a painter that Italy has produced in the second half of the nineteenth century owed its formation. I allude to Giovanni Segantini.

Another precursor is Antonio Fontanesi, born at Reggio Emilia, but considered a Piedmontese because his artistic battle was fought in Piedmont, although that region has no artistic traditions. Nevertheless, it

has produced figure artists of considerable value, such as Giacomo Grosso, Cesare Tallone and Giuseppe Pelizza da Volpedo.

A striking naturalistic movement also took place in Tuscany, especially in Florence, with the so-called *macchiaioli*, who held the field of painting after the sixties, with a perhaps exaggerated method of manipulating lights and shades, that had, however, the merit of opposing the methods of the old school. Among these *macchiaioli* the most prominent figure is Telemaco Signorini. Giovanni Fattori is also worthy of attention, his military pictures having always met with deserved success.

I cannot close this brief summary without mentioning Gaetano Previati of Ferrara, noted for his divisionist technique and for the almost mystical idealism of his subjects.

#### IV.

#### SCULPTURE.

Two great names stand out on the threshold of the nineteenth century: Napoleon and Canova. Nor should the coupling of these two names appear in the light of an exaggeration, since admiration for the artist was equal in his day to that which was felt for the great conqueror—as if the men of that period, thirsting for peace in the turmoil of the Napoleonic wars, were glad to fall back on the sedate dignity of Canova; his Greeks and Romans, rigid in their togas, superseded the

powdered dames and bewigged cavaliers of the seventeenth century.

Two sturdy geniuses in their turn reacted against the cold conventionalities of classical art: Lorenzo Bartolini, and Pietro Tenerani, a Roman by election, who was a pupil of Thorwaldsen. Bartolini gave an entirely new impulse to art and prepared a galaxy of good sculptors, such as Dupré, Vela, Costoli, Pampaloni, Strazza, Tantardini, etc. Foremost among these are Dupré, and Vela, the author of the "Dying Napoleon," which enjoyed a considerable measure of success in Paris. Other sculptors succeeded those mentioned, such as Monteverde, Barzaghi, Tabacchi, Rivalta Grita, Rosa, Gallori, and others, who carried out most of the monuments raised in the public places of Italy to the King who set her free, to that heroic captain of the people, Garibaldi, to Cavour, Mazzini and other creators of the Italian *Risorgimento*. Still speaking of sculptors, special mention should be made of Monteverde, who translated into marble some altogether original conceptions, such as the "Genius of Franklin," represented by a small genie clasping a lightning-conductor and holding a thunderbolt in its tiny hands.

During this latter period, a feeling has pervaded sculpture that would tend to draw it closer to painting, and the happy attempt in this direction initiated by Monteverde has been even more lovingly carried on by others. This tendency is noticeable more especially in Piedmont, where a few eminent sculptors, such as Leonardo Bistolfi, Davide Calandra and Pietro Canonica, are worthy of mention.

## V.

## ARCHITECTURE.

The modern sense of life, together with the care bestowed on utility and comfort in the present age, has caused beauty to be forgotten in the art of building. Architecture as well as the other arts bore the hall-mark of the classical style in the first years of the nineteenth century, but little by little this character was lost; respect for the exigencies of art went to the wall in order to obey those of practical purpose and speculation. And two schools, I should say two opposing parties, drew themselves up one against the other, in all matters connected with building. Those who reverence art are inclined to preserve as a precious heritage all that is antique, but practical minds laugh at these poetical vagaries; those same practical minds who urge that it is foolish and criminal to sacrifice the urgent needs of the many to the refined tastes of a minority. Truth is perhaps to be found half-way between these two contrasting viewpoints; and the blending of the cult of the ideal in art with the practical advantages may yet come to pass. It is extremely painful to see how, in some of the most beautiful Italian cities, as in so many other modern cities the world over, colossal buildings have been erected in which bad taste and meanness are found in conjunction without producing modern comforts. Among so many regrettable architectural productions of modern times,

however, there are not lacking a few monuments and buildings which carry our thoughts back to the glorious traditions of Italian art. I will recall the Mole Antonelliana of Turin, for which we are indebted to the architect Alessandro Antonelli, the Milan Savings Bank by Giuseppe Balzaretti, the Palermo Theatre by Filippo Basile, the Rome Savings Bank by Antonio Cipolla, the façade of Santa Maria del Fiore in Florence by Emilio del Fabbri, and the Galleria Vittorio Emanuele in Milan by Giuseppe Mengoni. And if we consider the monument to Vittorio Emanuele in Rome by Sacconi, our spirit is soothed by the grandeur of the conception and the dignified repose of the architectural lines.

Architecture is in a transitional period. The reason of this is to be found in the very spirit of the age, in the character of our times. Ancient Greece, by means of solemn and tranquil lines, reflected the harmony of senses, intellect, and life which the Greeks had reached. The Catholic religion of the Middle Ages, which placed its ideal beyond the grave, gave to its ecclesiastical monuments the stamp of the gentle melancholy which it had woven round the hearts of men. The Renaissance, in the full tide of an overflowing life, caused its monuments to express this joyously exuberant vitality. But our age aims above all at levelling the world to a uniform pattern of life, work, and well-being; art, in the midst of these levelling tendencies, hangs uncertain of itself and of its own aims, so that, finding no element of inspiration in the world which surrounds it, it is thrown back on the sagacious reconstruction of classical or mediæval

antiquities, or on the preservation of its ancient monuments.

I cannot close this rapid survey of recent Italian art without mentioning the names of three distinguished art critics and historians, Adolfo Venturi, author of the highly appreciated "History of Italian Art"; Corrado Ricci, formerly General Director of the Government Department of Fine Arts and the intelligent restorer of the Ravenna Monuments, and finally Pompeo Molmenti, who has held with dignity the Parliamentary Secretaryship of Fine Arts, and whose works on Venice and Tiepoli are known to students the world over.

## VI.

### SCIENCE.

The contribution of Italy to the progress of science during the last half century will not be judged unworthy of the noble traditions of her more remote past, if we bear in mind the difficulties which have been overcome and which consisted, first in the struggle for independence and for the constitution of our national unity, and later, in the necessity of providing for innumerable urgent needs neglected under the suppressed Governments. These difficulties, implying as they did the most rigorous restriction of expenditure, left no margin for that abundance of resources dedicated to experimental science which the more recent exigencies of scientific progress have rendered imperative.

But, in the field of such studies as do not require



the outlay of vast sums for the purchase of complicated apparatus or for the carrying out of costly experiments, the Italians have taken their full share in the world fight for the discovery of scientific truth. Thus, in the field of mathematics, the work of Italy is not inferior to that of any other nation, and considerable progress, both in the branch of analysis and in that of geometry is connected with the names of Italian mathematicians such as Betti, Cremona, Veronese, Brioschi, Beltrami, Dini—with, among the living, Bianchi, Levi Civita and, in the first rank, Volterra, on whom the United States has more than once conferred the honour of inviting him to expound the result of his researches at one or other of its Universities.

Even in the domain of experimental science, however, the Italians have endeavoured to bring the compensation of unremitting toil and bold flights of genius for the scarcity of their means. And, as the world is indebted to Italy for the most important discovery in the field of electrology, the Voltaic pile, other Italian discoveries are not wanting which have hastened the progress of physical science and its applications. I will venture to point out, in the first place, that the experimental demonstration of the physical identity between ultra-red radiations and light-rays is due to our physicist Macedonio Melloni. The marvellous scale of electromagnetic vibrations, that at one time included only the luminous rays of the visible spectrum from red to violet, has been widely extended by successive investigations from ultra-red on the one hand to ultra-violet on the other. The ultra-red region comprises: first the group of radiations known as heat-rays, studied

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by Melloni; beyond these, the shorter Hertzian rays, also produced by an Italian, Righi, by means of his oscillator; and, at the extreme end, the very long waves utilized in wireless telegraphy—the marvellous invention of yet another Italian, Guglielmo Marconi. I need not tell an American audience that the name of Marconi would be in itself sufficient to shed lustre on the scientific work of a nation. But may I be allowed to mention, in this connection, the names of two other Italians whose research work in the field of applied electricity has produced remarkable results. Antonio Pacinotti's prior claim to the invention of the famous ring inductor and collector, which rendered the industrial production of continuous currents possible, is now no longer discussed; this invention has branched out into other applications of no less importance in connection with multiphase current motors. But the name of Galileo Ferraris has met with a still greater measure of recognition among electrical engineers, owing to his studies on transformers of alternating currents and on the universal motor of modern industry: the motor with rotating field, culminating, as a practical result, in the long distance transportation of electric power. Thus we have a whole series of researches and investigations in the various branches of experimental physics, at the head of which stands the name of Augusto Righi, that have carved out a notable place for Italian scientists in the world literature of these and allied sciences.


Passing from physical science to astronomy, I will mention two Italians to whom we are indebted for results of the highest importance: Angelo Secchi, one

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of the founders of Astrophysics, who is also well-known for his studies on stellar spectroscopy; and Giovanni Schiaparelli, whose work in connection with falling stars, the planet Hesperus, twin stars, and especially that on the topography of the planet Mars is well worthy of note.


If the progress of chemical science, which is so essential to the welfare of mankind, cannot be severed from the sound guidance of the atomic theory in the interpretation and prevision of facts susceptible of observation, it must be recognised that much is owed to Italy, through the merits of Avogadro and Stanislao Canizzaro and their contribution to the foundation of this theory. Important results have also been obtained in organic chemistry through the explanation of isometry by means of the space-conception of chemical formulæ due to Paternò, and through Ciamician's classical works on pyrrol. The first and most accurate researches on crioscopy, which eventually led to the fuller development of the theory of solutions and to a knowledge of colloidal substances, are also the work of Italians.

The task of summing up the recent contribution of Italian scientific thought to biology is not an easy one. In this field, the names of Delpino, Bizzozzero, Grassi and Golgi are pre-eminent. To Delpino we owe an extremely fruitful series of researches on the various adaptations by means of which plants provide for the preservation of the individual and the species, so that he has every right to be considered the founder of vegetable biology. The name of Grassi is connected with the discovery of the typical cycle of development



of the eel, and with the very important share which falls to him in the discovery of the method of malarial transmission, ascertained to take place by means of *Anopheles*, which become infected on biting a malaria patient. Bizzozzero discovered the formation of blood from bone-marrow, the regeneration of tissue and a new element in blood, known as the Bizzozzero *piastrine*, or intermediary blood corpuscles, the presence of which established the doctrine of the autonomy of the red corpuscles. Golgi towers above all these after discovering the cycle of development of malarial parasites; he obtained quite remarkable results on the subject of cell structure and nerve fibres, by means of the celebrated black chromo-silver reaction. These researches won him the Nobel prize for medicine, while they have renovated histological technique in all branches of biology.

To sum up, it may well be affirmed that in all fields of modern science, research work and discoveries of the first order are to be found, for which the world is indebted to Italian scientists. Their contribution would be far better appreciated if, on this score also, a little more international justice prevailed. It is a fact that no stigma is attached in foreign countries for ignorance of the Italian language, thus Italian works are hardly ever read here in the original; news of their contents filters through brief and ineffectual notices which can give but a limited idea of the deeper significance of the works in question, and of that complex whole, made up of acute intuition and clear systematization of theories which is the characteristic product of our intellectual temperament.



## LECTURE II.

### STUDIES IN HISTORY, PHILOSOPHY AND JURISPRUDENCE.

#### I

#### HISTORICAL STUDIES IN ITALY FROM 1848 TO THE PRESENT DAY.

In 1846, Charles Albert, King of Sardinia, acting on the proposal made by the Marquis Cesare Alfieri, Minister of Public Instruction, founded the Chair of Italian History in the University of Turin. Benedetto Croce remarks that it was fitting that while the first chair of the Science of History was founded in Naples—where a new conception of the science had arisen a century before with Giovanni Battista Vico—the University of Turin should be the first to teach Italian history. It was in Turin that Charles Albert in 1833 had instituted a Royal Deputation to preside over the study of Italian history, stating in the decree that “historical studies are now more than ever deservedly honored by the most highly cultured and civilised nations, and it is the duty of a Prince who has at heart his own glory and that of the people subject to his rule, to favor their development.” Indeed this movement, which had also spread in other parts of Italy, more especially in Tuscany, was the response to

that keen interest in historical research which characterised Europe in the first half of the nineteenth century.

In the case of Italy this interest accompanied the revival of national sentiment, and it was therefore only natural that historical studies should receive official support in the State which was preparing itself, by free institutions and by military training, to head the movement for our political revival. Balbo was certainly inspired by this feeling when he remarked to Cesare Ricotti (author of the *Storia delle Compagnie di Ventura*, subsequently called to the Turin Chair) that he would be the first to have the honor of teaching Italian History in an Italian University.

The name of Cesare Balbo (1789-1853), the Turin patrician who presided over the first constitutional cabinet, constantly recurs not only in the field of politics but also in that of the history of Italian letters of his day, and in him both activities appear harmoniously and inextricably intertwined.

National independence was the foremost and constant thought which inspired Balbo in his historical work; next to that came the desire to see a revival of the Papacy, which, during the middle ages, had been the guardian of the heritage of Rome and the champion of Christian civilisation. Such indeed was the creed of the historic school designated as "Guelph" and more accurately described by Croce as "liberal catholic," which had for leaders and disciples Balbo, Manzoni, Troya, Gioberti, Capponi, Tosti and, with certain differences, Tommaseo and Cantù.

Restricting myself to the second half of the nine-

teenth century I will here only make brief reference to the last three of those just mentioned. It was in 1848 that Luigi Tosti, a Benedictine monk and historian of the Abbey of Monte Cassino, published his *Storia della Lega Lombarda*. Undoubtedly in the mind of its author there was a parallel between the events he narrated and those of the year in which he was writing, and in telling of the factions and struggles of the mediæval communes, he glorified the growth of free institutions and the development of the fine arts. When the attitude of the Pope towards the movement for Italian unity changed, this book brought down on its author and to his monastery much vexation and distress for which he sought relief in other historical labors.

All the writings and we may say the whole life of Father Tosti were inspired by an ideal—that of seeing the revival of his country and the triumph of his Faith, and in his old age this man who was considered by Renan in 1851 as preëminent in the field of liberal religion, strove in vain to promote a reconciliation between Italy and the Papacy, publishing in 1887, a famous pamphlet under this title which aroused many hopes followed by much disappointment, and which may be considered as the last will and testament of Father Tosti.

Love of country and of religion were the two ideals which Niccolo Tommaseo never ceased to defend with warmth of conviction and depth of scholarship, even in extreme old age. Most of his time, however, was devoted to poetry, in which he was a master, and to work for the national cause. In the defence of Venice

in 1848-49 he took a prominent part with Daniele Manin, declaring himself to be an Italian, and asserting the Italian character of Dalmatia, the land of his birth.

His *Pensieri sulla Storia di Firenze* show that he is a follower of the liberal-catholic school of history. Like Manzoni he was inclined to exaggerate the importance of the moral factor in determining historical events, and he went so far as to attribute the literary manifestations of a people to its moral life; this was the thesis which he tried to demonstrate in his *Storia Civile della Letteratura*.

The religious and political ideas of Cesare Cantù, and a certain harshness which is reflected in his historical criticisms, remind us of Tommaseo, for he also has been sometimes spoken of as reactionary, in spite of the fact that he was imprisoned by the Austrian Government for his liberal views.

The almost incredible activity of Cantù as a historian, and his voluminous publications, occupy a large portion of the nineteenth century.

These three men, Balbo, Tommaseo, and Cantù, are the leading exponents of the liberal-Catholic school of history. The fact that they lived on into the closing years of the century, when the problem of Italy's political position was already solved, accounts for the fact that they came to be looked upon as behind the times.

It is to the credit of this school, and more especially to that of its leading members, that they got a thorough grasp of the problems besetting the development of Italian nationality as exemplified in our history,



and that they were the first to study the social life and institutions of the peninsula as a whole. They reached by intuition the same conclusions which their contemporaries in Germany arrived at as the result of documentary criticism.

The fact is that this school of historians possessed that conscientious scholarship which the so-called Ghibelline school disdained, with the result that the works of the latter were weak and short-lived.

Religious tendencies on the one hand, on the other the national problem, long hindered the rise of a really scientific school of history in Italy, one which could resist the temptation to sacrifice truth to its preconceived notions. This objective outlook is first found where we might least have expected it, in the works of Carlo Cattaneo, a fervid disciple of Mazzini, and author of works in which he advocated for Italy a form of government on republican and federal lines. What Cattaneo sought in history was not so much the art of governing his country, as abstract and scientific knowledge of the complicated events amongst which we live.

The name of Michele Amari deserves mention, not so much for the *Storia del Vespro Siciliano*, written in 1842, when party spirit ran high in the Kingdom of the Two Sicilies, and by one who took an active part in those struggles, as for his great *Storia dei Musulmani di Sicilia*, published in the years from 1854 to 1872, the result of serious studies made during his years of exile in Paris.

A writer who possessed the true spirit of the historian together with the statistical and economic knowledge which should have enabled him to write works of

lasting value was Cesare Correnti, a Lombard exile in Piedmont; but as a matter of fact he has left only unfinished works behind him. Among these, however, is a noteworthy essay on Christopher Columbus whom he describes as "one of those very great men, endowed with perpetual youth, who dwell with the human family and, if I may so express myself, develop with it, assuming its proportions" and who have attained "immortality, not personally but through the thoughts which they set going and the undying benefits which they bequeath to us." In this truly remarkable essay Correnti shows that Italy deserved to be the home country of Columbus because during her wonderful Renaissance she vibrated with new thoughts under old names, divining the future through the visions of the past, thus bringing to maturity those qualities of thought and power which made Columbus great.

With the settlement of national struggles in the second half of the nineteenth century, the interest in spiritual problems gave way throughout Europe to interest in those sciences which have a bearing on social life and on technical developments, and in the empirical and positive methods of research. These new tendencies reacted on historical studies during the period following 1860. The historian now devoted almost all his attention to collecting data and documents, and those very writers who had started as faithful followers of the idealistic philosophic school, such as Pasquale Villari, and D'Ancona, became the recognized heads of the new tendency towards philological history, as it is designated by Croce.

The new historic school, while adapting itself to

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the changed intellectual and social environment, departed too radically from the traditions of the idealistic and romantic school of history, while sharing its aim, that of reconstructing, as faithfully as possible, the past. Undoubtedly it improved its methods by bringing philology to its assistance, a science which, in its turn, had been promoted by the reformation and enlargement of the universities carried out by the newly organized Italian state. Side by side with the universities, the national historical societies, which rapidly multiplied in number and activity after 1860, were active centers for research and study. More particularly was this the case in the former capitals of the several states into which Italy had been divided, so that the old sectional traditions merged into the new national conscience. Active interchange of thought was encouraged by the many reviews which were founded either as independent initiatives or as organs of the historical societies; and all these activities were brought into close inter-relation by the Italian Historical Institute, founded in Rome in 1883.

Collections of laws and decrees, of diplomas and private archives, were thoroughly studied to acquire an accurate knowledge of the learned work of former writers; texts were carefully edited and sources scrutinised, thus following in the footsteps of German science, which brought the severe scholarship developed by classical studies to the service of mediæval and modern history.

But texts and documents are not history, any more than building materials are a house; and research work, considered not as a means but as an end, threatened

to lead to sterility. However, the first followers and greatest masters of the philological school of history guarded against such excess, perhaps because, as some have pointed out, they had been brought up in another school. Trained in speculative studies, they were still under the influence of the great idealistic movement of the *Risorgimento*.

The name which first calls for mention is that of Pasquale Villari, who, in the second half of the nineteenth century and the first decade of the twentieth, had great influence both as teacher and writer. His first book, *Introduzione alla Storia d'Italia* (1844), raises two problems which constantly recur in his works: The first problem is that of the historic unity of Italy, which he finds in the communes, whose vicissitudes mark the several epochs in our national history. The other problem is that of the points of attraction and repulsion between Latin and German civilization. But the work to which he owes his reputation, and which won for him, from Minister Mamiani, the Chair of Philosophy of History in the University of Pisa, was his *Storia di Fra Giotto*, of which the first volume appeared in 1859. In this book not only does he narrate the life and martyrdom of the Dominican Friar, but he draws a vivid picture of the times, framing them in the development of Italian civilization.

His next work was devoted to the study of Machiavelli, a subject which offered him another aspect of the same problem.

In other works Villari studies the problem of the unity of Italian history. Did the fall of the Western

Empire and the barbarian invasions really submerge all trace of the unity which Rome had forged between the several peoples dwelling in the Peninsula? Can we not trace in the growth of the communes, in their struggles with one another and with the Empire, the reawakening of a national conscience? These are the fundamental problems which inspire his splendid *Riarche sui Primi Due Secoli della Storia di Firenze*, and his volume on the *Invasioni Barbare*. But one cannot properly appreciate the historical work of Pasquale Villari from the titles of his many books. His was the work of a teacher and an inspirer, and it is a significant fact that the foremost representatives of the new tendency to study history in the light of economics and law, which now prevails in Italy, were trained in his school and have drawn inspiration from his works, many of which are translated into English.

Giuseppe de Leva, a Dalmatian of Zara, made a special study of the Italian Renaissance, pointing out that, in spite of its great contribution to civilisation as a whole, it hastened rather than delayed the political enslavement of Italy. His most important work is one in which he studies the relations between civil and ecclesiastical authority: *Storia documentata di Carlo V in Correlazione all'Italia*, was published in five volumes between 1863 and 1894, and was the result of personal research, much of which was carried on in the Spanish Archives.

One of Villari's colleagues in the University of Pisa after the annexation of Tuscany to the Kingdom of Italy, and later on in the Institute of *Studi Superiori* in Florence, one of the foremost masters of the new

school of philology, was Domenico Comparetti, whom the Italian Senate still honors as one of its members. Comparetti was preëminent in all philological studies. A great Greek scholar, he not only published a series of essays, interpreted a number of Greek inscriptions—among others the famous epigraph of Gortyna containing a whole series of the laws of the ancient Cretan city—but took an active part in publishing and commenting upon the Papyri of Egypt. In his studies on the *Kalevala*, the national poem of the Finns, he challenged the problem of the growth of the great national epics, more especially that of the Homeric poems. In the field of Latin and neo-Latin literature, the genius and scholarship of Comparetti found expression in his famous work, *Virgilius nel Medioevo*. The figure of the poet, transformed by popular legends into a magician, and the fortunes of the *Æneid* are there studied with unsurpassed erudition.

In the field of literary criticism, political considerations, which, prior to 1848, transformed every book into a political weapon, died out with the attainment of national independence. This accounts for the fact that the writers of our *Risorgimento* were forgotten, and that when the *Lezioni di Letteratura Italiana* written by Luigi Settembrini were published they struck the public taste as antiquated. Up to 1860 Settembrini had been actively engaged in teaching and conspiring for Italian liberty, and his work in both fields had been repaid by fifteen years in a dungeon. On being set free he edited his "Recollections," which no Italian can read without emotion.

The name of Settembrini brings us to the history of literature, a field in which Francesco de Sanctis, of whom I will speak elsewhere, was so conspicuous a figure.


To follow the currents of thought, and to describe the historical environment in which master-pieces have taken root and developed, is a work of enquiry, of revision, of classification, and is the glory of the Italian school of historic criticism applied to literature, in which the names of D'Ancona, of Bartoli, and of Carducci claim preëminence.

Sixty years of work, from 1850 to 1914, and one thousand two hundred and forty publications certainly entitle D'Ancona to be considered the creator and restorer of the history of literature in Italy.

More restricted in his activities, which were almost exclusively confined to the first centuries of our literature, Adolfo Bartoli was none the less a teacher of equal value.

Less objective, as might be expected of a poet, but gifted in a supreme degree with the faculty of *reevocation*, and wielding a splendid eloquence, Giosué Carducci stands out as the most glorious of this notable triad. And it must certainly be accounted a piece of singular good fortune that the greatest poet of the Third Italy was also one of the most diligent and erudite students of her history.

While the scientific foundations of the history of our literature were laid by the three master-minds just mentioned, it was Ascoli who created the scientific study of Italian dialects. This, however, was but the last link in his chain of achievement. Before devoting



his attention to dialects he had been encouraged by Carlo Cattaneo to tackle one of the most arduous problems in comparative philology, that of the relations between the Hindo-European and the Semitic group of languages, and he is the author of those *Studi Orientali* and of Indian, Italian and Greek essays, which marked an epoch in the history of glottology.

This hasty review of Italian studies during the past fifty years would be still more incomplete were I not to mention a name which stands for a whole school of work, that of the Sicilian, Giuseppe Pitré, the founder of the study of popular psychology, to which he devoted himself for half a century, taking as his motto the words of Pliny: *Turpe est in patria vivere et patriam non cognoscere*. He had indeed, a profound and unsurpassed knowledge of his native island, its history, its legends, its institutions, and its customs, which he described in twenty-five volumes of the *Biblioteca delle Nadizioni Popolari Siciliane*. I could not pass this work over without at least mentioning it, for sectional history and literature is of immense importance in our Italy, which, though one in language and in law, is profoundly influenced by the varied psychology of the many races which have played their part in her thousands of years of history.

My task should now be to describe the influence which the work of these great masters exercised on the scientific labors of their successors. But this would entail the mention of hundreds of names, and such enumeration is wearisome. Moreover, nothing is more difficult than to portray the age in which we live. Suffice it to say that whole hosts of students have



worked and are working constantly on our civil and literary history. The origins of the communes and the origins of our literature and language have been illustrated; the historic vicissitudes of Italy and of each of her sections and cities and the development of the several branches and styles of literature have been studied; the lives of men of action and of writers have been written; texts and documents have been published; diplomatic, literary, and scientific reports have been the subject of comment and criticism. One need only compare the new edition of the "*Rerum Italicarum Scriptores*," published under the auspices of Margaret of Savoy and with the advice of Carducci, with the old text as published by Muratori, to realize the progress made in the criticism of and commentaries on historic texts. In the field of literature suffice it to remind you of the noteworthy contribution made to the study of Dante, the national poet whose sixth centenary will be celebrated in Italy by the publication of a new critical edition of all his works.

Nor is there any need for me to tell an American public of the important part played in strengthening and developing Italian culture by that worthy disciple of De Sanctis, Benedetto Croce, whose work as a philosopher I shall deal with further on. His work overshadows that of all others in the fields of philosophy, history and literature, so much so, that it has been truly said that while our men of forty years and over learnt to write from Carducci, our young men have been taught to think by Croce.

Thanks to him, and to the many men of genius or learning, assisted by the host of assiduous and con-

scientific scholars who have followed in the footsteps of the masters, Italy feels that she can take a not unworthy place in the ranks of cultured nations. In Italy scientific work, whether pursued by the native or by the stranger within our gates, is respected, and we are perhaps entitled to believe that foreigners no longer come to our country, as Gioberti complained was the case in 1845, "to enjoy the beauties of our climate and to contemplate our ruins."

## II.

### PHILOSOPHICAL STUDIES AND DOCTRINES IN ITALY.

In the first half of the nineteenth century, Italian thought, having cut itself free from the French sensism of Condillac gradually worked itself into the concrete form of a critical idealism of which Galluppi, Rosmini and Gioberti were the principal exponents.

Gioberti and Rosmini stand for the most powerful effort of Italy's mental life since Vico. At a moment when German idealism seemed extinct, these two rekindled it into a renovated conception touched by their own genius: it was Gioberti and Rosmini that Bertrando Spaventa at a later date pointed out to Italians as indicative of the proper place to which their spirit should once more ascend.

With the death of Gioberti, about the middle of the nineteenth century, the fine flame of Italian thought burned low. Italy was then about to accomplish her unity; the mighty effort by which she had hammered every faculty of her spirit into a necessary instrument

of political redemption was exhausted, and that lassitude had set in which often follows close on the fulfilment of aspiration.

This depression marks, one may say, the point of solution between the speculative forms which had prepared the fulfilment of the nation's political destiny through the *Risorgimento*, and those from which the new forms of Italian thought I am now dealing with had their origin.

An insufficient platonic dualism succeeded the scepticism which had held the field for a short time. This platonic dualism, which occasionally assumed a mystical garb, starting from the original scepticism and following in part the influx of the Comtian theory, evolved by easy steps into a wide-spread positivism of purely Italian character, which, in varying forms, directed itself more particularly, as to method, towards science. Soon, however, thought found itself attracted to other channels, and in so doing recalled to life the doctrine of Kant, until the renaissance of an absolute idealism, of Hegelian origin, asserted itself vigorously, and eventually constituted modern Italy's highest expression of philosophic speculation.

Giuseppe Ferrari (1811-1876), Bonaventura Mazzarella (1815-1882) and Ausonio Franchi (1821-1895) were the messengers of a species of critical scepticism. But of these, Ferrari alone, who possessed a genuinely speculative mind, and a subtle, brilliantly acute spirit, succeeded in moulding this critical scepticism into a living and effective exposition.

He alone, therefore, was the herald of that scepticism which reached complete expression in the writer's

most important work, *La filosofia della Rivoluzione*, a true text-book of that confused doctrine which may be considered the prelude to Italian positivism.

Giovanni Maria Bertini (1818-1876), a contemporary of Ferrari, underwent a return to platonic metaphysics, but brought no new or original contribution to philosophy by his writings; he should, however, be remembered on account of his vast learning and the intense love of philosophy which, indeed, constituted the intrinsic reason of his existence.

Some historians place the name of Terenzio Mamiani (1799-1885) side by side with the most representative names of Italian philosophy in the second half of the nineteenth century. This native of Pesaro, however, while certainly belonging to the history of Italy of that period, owing to his multifarious activities, cannot be said to have numbered speculation as being among the most conspicuous elements of his personality.

Luigi Ferri (1826-1895) was the historian of the Italian philosophy of that period. He was the friend and apologist of Mamiani, and, briefly, drew the substance of his inspiration from the latter's writings.

Ferri was surpassed, both in critical acumen and subtlety of analysis, by Francesco Bonatelli (1830-1911), although the latter was likewise a dualist and a pre-Kantian. He was not a follower of Mamiani, but was influenced by Lotze and the psychology of Herbart; his style is distinguished and imaginative, one might say, sentimental; his lively and genuine passion for philosophic studies is apparent in his writings.

Carlo Cantoni (1840-1906) was also a dualist and

also under the influence of Lotze. His familiarity with Kant's work was such as to make it seem as if no one else in Italy possessed so intimate a knowledge of the philosopher of Königsberg, yet the student of his doctrine cannot fail to perceive how little impregnated with Kantism it is.

A group of mystical thinkers which may be linked up with Platonism is that constituted by Augusto Conti (1822-1905), the author of numerous works of which the central idea is constituted by a dialectical reality derived from the concepts of relation, order and harmony; Giuseppe Allievo (1830-1913), who developed a dialectical syntheticism in which the concept of mystery plays a prevailing part, Baldassarre Labanca (1829-1913), an extremely copious writer and the historian of Christianity; Francesco Acri (1836-1913), who was the most philosophic and profound of this group, a translator of Plato and a vigorous writer who reproached the naturalists with their inability to explain conscious life by means of their cell theory.

The mystical trend of all these thinkers is the necessary conclusion of a philosophy which separated the spirit from reality.

Giacomo Barzellotti (1844-1917) may also be considered a pre-Kantian of somewhat Platonic colour; he is the most popular among recent writers on philosophical subjects. True, Barzellotti does not belong to the band of systematic thinkers: rather to that which divulged the ethical, æsthetic and religious questions ventilated within recent years. A dignified and polished writer, gifted with something of the artistic

temperament, he succeeded in attracting interest in problems of the spirit outside the circle of philosophers properly so called; he was also a successful mediator between Italian and foreign philosophic culture.

As a writer, he is connected with certain representatives of the Tuscan school, who, from Capponi to Tabarrini, preserved a local character and were the last of the humanists; Barzellotti raises himself above these, however, by greater learning, greater breadth of thought and modernity of intentions.

His contribution to the historical essay forms the greater portion of his work, as may be gathered from his *Santi Solitari, e Filosofi dal Rinascimento al Risorgimento*, and above all, from his *Storia di Davide Lazaretti*, which is certainly his masterpiece.

As Hegelian idealism had its most important centre in Southern Italy, especially in Naples, positivism met with wider diffusion in Northern Italy, and, in its historical form, found the largest number of its followers in Florence, the cultural tradition of this city having preserved the hall-mark of Galileo's experimentalism.

Italian positivism drew its origin principally from scientific necessities and met with its development for the most part at the hands of scientists, historians and economists who saw and desired in positivism rather a working hypothesis than a doctrine of reality. Substantially, presented as a reaction from Platonism, critical scepticism and Thomism, it took its start from an alliance between philosophy and biology, and succeeded in supplying a more exact system of research in purely scientific work.

The beginning of positivism in Italy may be traced back to Carlo Cattaneo (1801-1869) who, as is well known, took a considerable part in the history of the Italian *Risorgimento* and was a pugnacious preacher of political federalism. Cattaneo was a great scholar, a historian of the first rank, a constructive writer who left an indelible mark on economic and linguistic science.

When Cattaneo speaks of philosophy, he conveys his conception of it as being merely "the necessary link between all the sciences, the latter existing for the only purpose of giving us empirical knowledge, which is the only knowledge there is."

Now, the position taken up by Cattaneo is precisely that taken up by Italian positivism at a later date; the same which, when repeated and more fully developed by Pasquale Villari (1827-1917) in his discourse: *La Filosofia Positiva e il Metadò Storia*, eventually helped to fix definitely the doctrines of Ardigò the spiritual father of Italian positivism.

The name of Villari is that of one among the most striking personalities of contemporary Italy. At one time Minister of Public Instruction, a distinguished political writer and historian, he taught several generations of students in Florence, who, following in the path laid out by him, are an honour to Italian culture at the present day.

Aristide Gabelli (1839-1891) takes up a position, with regard to positivism, in close proximity to that taken up by Villari.

As an efficacious writer on pedagogy and ethics, he contributed to Cattaneo's review *Politecnico*. As a

follower of the experimentalism of Galileo, whom he denominates "the Christ of Reason," he considers that in this method alone is salvation to be found from sentimental dogmatism and from that philosophy which is the child of scholasticism and theology.

His thought is summed up in his book, *L'uomo e le Scienze Morali*, which should have heralded the dawn of a complete intellectual revival.

Andrea Angiulli, in his youthful Hegelian years, following on his return from Germany, where he had resided on a Government subsidy, also stands in close proximity to Villari and the positivists.

A disciple of Comte, he maintained that philosophy is only a general scientific system, and that, as Galileo was the liberator of physical science from the bondage of metaphysics, thus Vico was the father of historical science, because he searched experimentally in fact for the laws of historical events, thus demonstrating the full importance of philology and psychology.

Nicola Marselli (1832-1899) gave up nearly the whole of his life to the study of Vico's tormenting problem of the laws of history; he was an eminent writer on military subjects, a teacher of history at the School of Strategy at Turin, a general and a Senator.

In reality, Marselli was neither a Hegelian nor a genuine positivist. He did not grasp the fundamental positions of Hegel, whom he called the greatest human genius since Aristotle; he thus necessarily deviated and fell into positivism, to which, however, he was unable to give that complete adhesion given by other worshippers of pure fact, impregnated as he was with those Hegelian ideas at which, even while only ex-



trinsically understanding them, he had drunk deep in his youthful years at the school of Francesco De Sanctis.


Marselli's work is essentially that of the historian who, dissatisfied with the bare facts of history, wishes to seek the laws which underly them and draw his philosophy from these.

An illustrious Dutch physiologist, who subsequently became a Senator of the Kingdom of Italy, Giacomo Moleschott, was invited to teach at the University of Turin (1861), and later at Rome University (1879) by the then Minister Francesco de Sanctis, and gave the first impulse to a current of thought which carried the ideas and the conclusions of materialistic and positivist philosophy into the criminalist and anthropological field.

Outside of Italy, Moleschott had already demonstrated that man is the perfect product of the matter of which he is composed; but, after coming amongst us, he penetrated far more deeply into the circle of philosophic culture, both in the numerous addresses which prefaced his yearly courses on physiology and in his more extended works, which had been censured, at one time, by the Senate of Heidelberg University.

His ideas and his conceptions of life and thought constitute the presuppositions on which the modern Italian school of criminal anthropology rests, and it was from these that the founder and principal systematizer of this school, Cesare Lombroso, drew his inspiration.

The advantages that thought and philosophic culture may or may not have derived from Lombroso's



investigations, may be matter for discussion; but it is impossible not to recognize the very real value which they acquired in all countries no sooner were they transferred into the field of the practical application of penal and prison discipline, with respect to the defence of society from crime. On these grounds, Lombroso and his disciples have rendered services to humanity which, at the present day, are not to be disputed.

From his deductions, the positivist school of criminal law was born in Italy. Raffaele Garofalo and Enrico Ferri were the disciples, illustrious continuators and in their turn masters of this school; thanks to their work and learning, Italy will be the first nation to possess a Criminal Code based on the acceptance of these theories.

The most cultured, and at the same time the most philosophical mind which has adorned Italian positivism is certainly that of Roberto Ardigò (1828-1920) to whom the positivist movement owes the gathering up into one system of the fragmentary speculations that had gone before.

Ardigò was intended, as a young man, for an ecclesiastical career; after a long, laborious, and almost dramatic spiritual crisis which he has himself related, he put aside his cloth and started teaching, taking up a negative position towards religion and embracing positivism, until, in 1881 he was given the Chair of History of Philosophy at the University of Padua, which he held until the last years of his life.

From whatever position one may consider it, the historical value of Ardigò's doctrine is impossible to

deny. At a time of philosophical Byzantinism such as prevailed in Italy towards the middle of the nineteenth century, the whirlwind unchained by the Paduan philosopher did good: it swept away the flotsam and jetsam of a feeble, ineffectual Platonism, and taught the Italians many things which, if they accomplished nothing else, yet served the purpose of setting their feet in the way of sounder and more profound speculation.

The development of Ardigò's doctrine is carried out by taking fact as a starting point; observation, the analysis of truth, experience, are the unalterable bases of his philosophic speculations. "Fact is divine," he says; "principle is human, and therefore susceptible to revision."

Ardigò's theories were a battle-cry against philosophy understood in the manner of Mamiani and Luigi Ferri; in order to assert their solidarity, the followers and admirers of the Paduan philosopher, having at their head Enrico Morselli, a psychologist and an expert in psychiatry, founded the *La Rivista di Filosofia Scientifica*, which became our most important organ of philosophic studies, and is still a valuable collection of documents for the history of Italian culture during that period of positivist predominance.

Round this Review were grouped for the most part such scientists who agreed on the whole with the Editor's intentions, which aimed at the creation of a scientific philosophy. Among these were Giuseppe Sergi, an anthropologist who firmly asserted his materialism and inveighed against Piero Siciliano, a peda-

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gogue held in repute as leader of the school, but suspected by positivists on account of his wavering tendency. Orthodoxy was, on the other hand the characteristic of yet another pedagogue, Nicola Fornelli, who divided pedagogy into philosophical and political and was interested in the ordering of public schools in the modern liberal state.

Lastly, we have the most completely orthodox of all Ardigò's followers: Francesco de Dominicis, who represented pure positivism in the *Review of Scientific Philosophy*, and Gaetano Trezza, a critic and a man of letters, condemned by Austria for political reasons, who, like Ardigò, forsook the cloth and his religious ideas.

The neo-Kantian idea was, in Italy, what it never was in Germany—where it started soon after 1860—a new presentment of reality. Theoretically, this movement did not differ much from positivism, and in the history of thought it is significant merely as the expression of a state of mind and as a neutral tendency which induced all neo-Kantians to direct their studies principally towards the objective history of philosophy.

This attitude is very evident in Francesco Fierentino, to whom philosophic culture of the nineteenth century is indebted to a considerable extent on account of his writings on the *Panteismo di Giordano Bruno*, of his *Luggio Storico sulla Filosofia Greca*, and of his volumes on *Telesio* and *Il Pomponazzi*, which vibrate under the touch of an emotional and almost lyrical spirit. In his pupil and follower Felice Tocco,

greater precision of thought is to be found, so that the characteristics of neo-Kantism are better welded into concrete shape.

The principal exponent of neo-Kantism at the present day is without doubt Filippo Masci, Senator of the Kingdom.

He is a staunch defender of the fundamental principles of Kant's philosophy, but with positivist methods. He maintains that it is an error to consider reality as pure representation, and unfitting to attribute consistency to the soul and to nature, hence he endeavours to find their unity in a monism which is expounded in his work: *Materialismz psicofisico*.

Alessandro Chiappelli, at one time professor of philosophy at Naples University, and a member of the Lincei and Crusca Academies may be considered as having originally belonged to the neo-Kantian school, although latterly his writings give evidence of the influence of the new idealistic movement.

He has not restricted his activity to the history of philosophy, but has shown lively interest also in such speculative researches as *La dottrina della realtà nel mondo estero* and *Il carattere formale del principio etico*. His studies include the history of Christian literature, modern literature, art, and various social questions of interest at the present day, so that his name is one of the best known among Italian writers, and his work on behalf of culture represents a remarkably noteworthy contribution.

About 1840 Hegel's philosophy found its way to Naples, and found there minds capable of understanding and developing it in its purest form.

Stanislao Gatti was the writer who proved himself the better able to direct the criticism of Galluppi towards the absolute idealism of Hegel, forestalling De Sanctis in proclaiming the liberty of art, and Spaventa in pointing to modern German philosophy as the fulfilment of that philosophy which was born in Italy in the fifteenth century and perished at the stake of Vanini and Bruno and was suffocated by the persecution of Galileo.

Gatti, by means of his "Rivista Napolitana," contributed to the wider diffusion of the work of Augusto Vera, whose teachings were at that time spreading Hegelian doctrines in Naples.

But we have to come down to Bertrando Spaventa in order to witness the resurrection of Hegelism, the grandeur of Gioberti's philosophy and the unfolding of his ideas. With Bertrando Spaventa the great speculative tradition of Italy is taken up once more, acquiring consciousness of itself for the first time and striking the deep roots which are necessary for its further development.

Angelo Camillo de Meis, on the other hand, was an independent spirit, who, although a pupil of Spaventa, had followed the teaching of De Sanctis, drawing from the latter the nourishment which became an essential constituent of his thought as a doctor and naturalist. And De Meis was also the pupil who understood the greatness and value of De Sanctis' criticism best, and was most eager to reveal these qualities.

Francesco de Sanctis towers as a real giant in the field of criticism, and not in Italy alone, but throughout Europe. As a very young man, he

founded a school in Naples which was destined to become famous. He was persecuted by the Bourbon Government and imprisoned for three years. He eventually escaped and took refuge in Malta, whence, after many vicissitudes, he was appointed in Turin, his fame being already great, then in Zurich and lastly in Naples to the chair of æsthetics and Italian literature. After the annexation of the Kingdom of Naples to that of Italy, he was twice Minister of Public Instruction, the first time under Cavour and the second under Cairoli.

De Sanctis was gifted with infallible taste of an exquisite character, working in conjunction with a philosophic mind; he was a genuine critic and historian rather than a sifter of critical conceptions. His mind worked towards things concrete, as he used to say, and while he was well able to rise to general principles, he abhorred losing himself in the world of ideas. He had a strong feeling for all work as art, analysing it and living as a concrete and passionate reality.

In the "History of Literature," which is his masterpiece, taste is blended in perfect harmony with historical understanding of literary facts.

The alliance between positivism and the teaching of Spaventa gave birth to the theory of historical materialism impersonated in Antonio Labriola. This theory is a monistic interpretation of Marxism—the latter having at the last, lost itself, as far as Germany is concerned, in an empty dualism.

According to Labriola, history does not rest on differences between truth and falsehood, justice and injustice, nor yet between possibility and reality, but on the

formative and transforming process of society, in so far as man, by successively producing varying social conditions, also generates himself, the idea of progress being understood in this sense.

In a survey of Italian Hegelism, we cannot afford to ignore the Marchesa Marianna Florenzi Waddington, (1802-1870), who was a friend of King Ludwig of Bavaria, and took great interest in the speculative thought of Hegel and Schelling, which she divulged and illustrated, while publishing papers of the highest importance to the history of philosophy, along with the greatest thinkers of her time.

As the spirit is the whole of reality, it follows that, philosophy being the integral comprehension of reality, a philosophy of the spirit contains the whole of philosophy. And, as the concrete life of the spirit signifies history, that is to say, reality throughout its development as imagination, thought and ethical action, philosophy is also history. Therefore, dismissing the conception of a static philosophy, standing separate and autonomous before the actuality of the spirit—which is history—we find that philosophy becomes a form of historical cognition and “a methodic moment in historiography, an elucidation of the constituting categories of historical criticism.”

The above is the fundamental speculative position taken up by Benedetto Croce, lately Minister of Public Instruction, the depth and magnitude of whose work have produced so profound a renovation of Italian culture as to give him full right to be considered the master and regulator of latter-day Italian thought.



The work of this master mind belongs henceforth to the domain of international thought: his books have been translated into all European languages, and the University of Columbia has assigned to him for the fourth volume of his *Filosofia dello Spirito* the great gold medal it awards every five years for the most remarkable contribution to philosophy, practical theory and educational administration.

Besides his *Filosofia dello Spirito*, he has published several volumes of critical essays and others on the history of economics; he has prepared an edition of the "Classics of Modern Philosophy" and of "Italian Writers"; he has edited the review *La Critica*, writing nearly the whole of it himself, in collaboration with Gentile. Italian and foreign contemporary thought has been examined in its entirety throughout the pages of this Review.

To the speculative faculties of his mind, Croce adds the qualities of a writer of the first order; his prose is robust rather than brilliant, fluent, polished; his style mirrors the lucidity of his intellect. Even his use of philosophic language properly so called turns into a clear, precise exposition of his thought, thus proving that the exercise of thought means, in his case, a perfect elaboration of the problems he sets out to resolve.

Actual idealism is the philosophic doctrine of Giovanni Gentile, the friend and co-worker of Croce, and himself a prominent professor of the Rome University, where he holds the chair of the history of philosophy with unrivalled scholarship and religious depth of comprehension.

Gentile's predecessors in speculation belong to the

Hegelian school of philosophy and to that of Spaventa; but his thought, as it has been moulded in his more important works, such as the *Summary of Pedagogy as a Philosophic Science*, *The Reform of Hegelian Dialectics*, *Logic as the Theory of Knowledge*, and more especially his thought-provoking *General Theory of Mind as Pure Action*, rises to a new and original conception of philosophy in which it is no longer considered as "a particular aspect of spirit, but the very essence of the life of spirit in all its aspects, and the consciousness of the creative liberty of spirit in history."

For several years past philosophic studies in Italy have soared higher and higher, impelled forward by an ever intenser rhythm. Philosophy has succeeded in permeating all the manifestations of thought, and is enthroned, even in places where explicit recognition is not given it, as the means and instrument of understanding and of action. Thus its sphere of action is vast, and its followers and devotees are a multitude the names of all of whom it is not possible to mention. Suffice it to say that this host of valorous youth is worthy of its Masters, and honours Italian thought.

### III.

#### THE DEVELOPMENT OF ITALIAN THOUGHT IN CIVIL, COMMERCIAL AND PENAL LAW.

Writing on the subject of jurisprudence I will omit its purely historical aspect, as ample information thereon is to be found in the *Continental Legal His-*

*tory Series*, published under the auspices of the Association of American Law Schools, and especially in the volume: *A General Survey of Events, Sources, Persons and Movements in Continental Legal History by Various European Authors*. A translation also exists in this series of the work of Gabriel Tarde, *L'Evolution du Droit en Europe*, and of that of my friend and colleague in the Italian Senate, Professor Carlo Calisse, *The History of Italian Law*, speaking of which John H. Wigmore, professor of Law in your Northwestern University, has justly stated that "it commended itself by reason of its compactness, breadth of view, lucidity of style, justness of proportions, consecutiveness of narrative and philosophy of causes." I will therefore draw your attention to our legislation within the limit of the last thirty years.

No sooner had Italy achieved unity and independence, than the necessity arose of providing suitable legislation. The country had inherited from the States which had formerly governed its territory, a multiplicity of codes in which legislation was not only divided, but had become backward and inadequate by reason of the new conditions which had arisen. At the same time, a new and intense movement was started in favour of legal studies.

These two facts, notwithstanding their simultaneous character and the connection between them, fell under different influences: the work of codifying the legal material at hand felt the influence of France, while the study of law was carried out under that of Germany.

The reason of this is self-evident.

The new Civil Code took the Napoleonic Code as its model. The latter had already been applied in Italy at the beginning of the century. It was therefore natural that jurisprudence and Italian forensic writers should tread the road already laid down by French magistrates and jurists, at least until the formation of a national school should become possible. To this aim, indeed, the aspirations of students of legal subjects soon turned.

The latter, as has already been stated, drew their inspiration from German culture.

France supplied that practical legal spirit which, regulated and refined in numerous commentaries, drew body and strength from the realities of a life unfolded among the nation's renovated elements. Germany on the other hand set an example of the critical study of law, of its systematic treatment, of a return to historical sources, of a scientific achievement principally evolved within scholastic walls, that is to say, in the Universities. And as Italian Universities, then as ever, were practically the only centres of a scientific legal movement, they became the connecting link between scholars of both countries, and the means of propagation of German science in Italy. The immediate result was a vigorous revival of legal studies, and the restoration of a national school, which has flourished exceedingly from the last twenty years of the nineteenth century to the present day.

The above remarks account for the fact that the first branch to be taken up and studied with intensity in this revival was that of Roman Law.

As a matter of fact, the study of Roman Law had

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never been entirely given up in Italy, also because it had never quite lost its practical application in Common Law. Precisely for this reason, however, it had only been studied, so far, according to traditional methods and on dogmatically accepted texts, with very few exceptions, one of which is illustrated by the work of Ilario Alibrandi of the Roman school. The Italian school soon demonstrated its original tendency and its determination not to confine itself to speculation, but on the contrary, to emerge prepared for the practical application of Law.

Proof of this was given without delay by De Crescenzo in his *System of Roman Civil Law*; by Padelletti, with his *History of Roman Law*; by Schupfer and Buonamici. Filippo Serafini, above all, is worthy of mention; his teaching, his translations and elucidations of German works, his own publications, among which we have his well-known *Institutions of Roman Law*, together with his equally well-known and authoritative Review, *L'Archivio Giuridico*, all contributed largely to the diffusion in Italy of German Romanistic culture, and to the formation of an Italian school that made of Roman Law an instrument for the renewal of national law, particularly in the case of civil law.

De Crescenzo, Padelletti and Serafini were my professors at Rome University, and reverently my thoughts go out to them at the present moment.

The road was also opened out by the historical study of law. Mazzini's saying that he would deserve well of his country who should succeed in demonstrating the continuity of its institutions from Rome to our own

times without the interruptions and destructions of barbarian interludes, has been taken up and answered. Antonio Persile, after Sclopius' attempt, has produced a completed "History of Italian Law," in which some inevitable imperfections do not undermine his merit of having cleared the way for his successors and of having collected precious material from all quarters, especially given the times in which he wrote. In Francesco Schupfer we have a master; he has dealt with every branch of the history of law in numerous and powerful volumes leaving deep and indelible traces behind him. Others followed him who, in the thirty years between the two centuries, brought the Italian school of law to its full blooming. Among these, I may mention Nino Tamassia, the author of numerous and varied but always learned monographs on all points of this vast subject; Giuseppe Salvioli, the author, among other works, of a good *Manual of the History of Italian Law*; Francesco Brandileone, an acute investigator of the influence of Byzantine law; Augusto Gaudenzi: Federico Patetta, Arrigo Solmi, Carlo Calisse, some of whose works, as has already been stated, have been translated in America. This school has yielded abundant fruits; its national character has become more and more accentuated, and it has established more and more firmly the continuity and concatenation of our institutions from Roman times to our own, through the Middle Ages, at the same time confuting the once prevalent opinion as to the absolute sway of barbarian law and the delay in the resumption of Roman Law until the period of the great Renaissance.

Commercial Law was in a sad plight, corresponding to the scant activities of the country. Casuistry and precedent were the only guides, and the only code was the Albertine code of 1842. In this case, an impulse from without was given by the actual needs of practical life. The need of new commercial laws, collected in the Code of January 1st, 1883, gave rise to and encouraged wider and more devoted study. These efforts were accompanied and illumined by social and historical studies, and especially by patient labour in the field of political economy, so that possession of a deeper knowledge of the reason and function of the various institutions of commercial law led to their better treatment and coördination, both from the purely legal point of view and that of their practical application.

This period was the golden age of merchant law, in which branch Italy soon conquered an important place for herself, and impressed her own mark, by reason of highly valuable publications which met with appreciation and diffusion in foreign countries, such as, for instance, Ercole Vidari's *Course of Commercial Law*, which paved the way for the revision of the law in question, followed by the excellent contributions of Alberto Margheri, David Dupino and Luigi Franchi. Above all, in recent years, an important place is filled by the *Treatise of Commercial Law* which we owe to Cesare Vivante, in which the whole subject is systematically treated on a scientific basis not unconnected with practical exigencies. To this work must be added a powerful study of *Insurance Contracts*; and the *Review of Commercial Law*, which is by no means

inferior to any foreign review, and round which, with Vivante and with Sraffa the work of the most learned among Italian jurists was grouped.

The Code of Civil Procedure has followed a similar development. From the humble estate of commentaries and literal and professional interpretations, this code was brought to a high scientific level; not only was it revived by means of historical and comparative investigations, but by connecting it with the principles of the other branches of law, and with those of public, administrative and constitutional law. The first place in this connection belongs to the work of Ludovico Mortara, who was preceded by Mattiolo in the attempt to compile a complete treatise on civil procedure. Mortara's *Commentary on the Code and Laws of Civil Procedure*, however, has truly renovated the subject in hand, and to this work is owed that felicitous union with public law which constituted, as has already been stated, a fertile element of its scientific renovation.


Although unconnected with private law, yet, by reason of certain inter-relations with the above, and of the features which they contributed to the general scientific movement in this field, certain revived studies in ecclesiastical and criminal law should not be omitted.

Ecclesiastical Law was also the object of investigations and treatises of considerable value contributed by German scholars. Italian scholars followed in their footsteps, giving publicity to their work in Italy, and among these latter it may be sufficient to recall the name of Francesco Ruffini, the translator of the well-known treatise of E. Friedberg, and the author of vari-



ous monographs in which, on the one hand, we find the best fruits of German methods and on the other a plentiful tribute of historical and canonical culture. The numerous works of Francesco Scaduto on the foundations of positive law in Italy in ecclesiastical matters and on the jurisprudence which has grown up around them, are of an essentially practical character. Among these works, the weighty *Manual of Italian Ecclesiastical Law*, is widely known and appreciated both in our schools and in our courts.

The same may be said of criminal law. Italy has not lost her supremacy in this branch. And, while Italy, with the doctrines of the classical school of which Francesco Carrara's famous *Program of Criminal Law* was and remains a monument, has not failed to give this interesting branch of Law a metaphysical foundation summing up its development through the centuries without separating it from consideration of the accidental circumstances of crime, she has at the same time carried criminal law into the field of real life through the efforts of her positivist thinkers. Our criminal law has advanced from consideration of the crime to investigation of the criminal, in order to ascertain rather from the personal conditions of the latter than from the characteristic features of the deed, the most suitable measures to be adopted for the defence of society and the prevention of crime. That practical sense which is strong in the Italians has already cut away what was superfluous and might have been harmful in the more daring theories of the positivist school, and has framed them within the orbit of new conceptions which are susceptible of healthy



applications. The latter marks the progress of one more effort towards greater social justice, which is the quest of the age. We have examples of this evolution in the successive works of Enrico Ferri and Cesare Lombroso, whom Italy places at the head of this school, with a few others, who are now preparing the new Criminal Code.

The sum of all the many reasons for renewal, however, converged towards the civil code, and operated there with the best results.

Requests and proposals for reform had arisen on all sides. It was felt that the civil code, in many of its parts, no longer corresponded to the needs of progress.

The impulse of reform was furthered by the very intensity of the studies carried out on the subject of civil law, which, while raising it to a scientific level, side by side with other ramifications of knowledge, and in accordance with the exigencies of social progress, caused its omissions and insufficiencies to become ever more apparent.

*Questions of Civil Law*, by Carlo Francesco Gabba, already famous for his *Theory of the Retro-activity of Laws*, forms a continuous demonstration of the above fact, and confirms, as the author's teachings, spread over more than thirty years, also confirm, the necessity for reform.

The study of Roman Law also contributed to this conclusion. It has already been stated that, from the first hour of its revival amongst us, the study of Roman Law was bent towards the assistance of civil law. And this function continued, even working towards an increase, as the study in question took on a more and

more independent and national character, and came into ever closer contact with the feeling and the needs of the country. Our most illustrious Romanists are also our most eminent modern exponents of civil law. Vittorio Scialoja, by reason of the depth and vastness of his learning and the critical spirit which is his characteristic quality, brought to his multifarious studies an impersonality which has extended itself to the Italian school, of which he is considered the head, on account of the numerous works he has contributed and the many pupils he has formed who in their turn have attained eminence in common, Roman and civil law. Alfredo Ascoli, Pietro Bonfante, Biagio Brugi belong to this group.

Lastly, modern social aspirations advocated by writers and rendered imperious by popular agitation and demands, caused the civil code to appear antiquated in many of its aspects, shaken as it was, in many cases, to its soundest foundations. The repercussion of social events on problems of law is evident in the work of jurists who wrote during the years immediately preceding the war. Among these writers, to those already mentioned the names of Gianturco, Chironi, Polacco, Simoncelli, Venezian, should be added.

Whenever the pressure of new interests became too intense, provision was made by means of special laws, instead of modifying the code itself; these laws formed an accumulation round the code which was not always to the best advantage of order and clarity, but was nevertheless sufficient to meet the more urgent demands and their correlated political interests.

At this point, the war broke out. New needs arose

with the war, others became more serious, and all took on an urgent character, to the extent that provisions of a somewhat bold nature at times, could no longer be delayed. The area of common law was not immune from the necessity of such provisions, so that the legislation of the war period brought about novelties and reforms of undoubted importance.

It is impossible to give isolated examples in detail on the present occasion: I will only draw your attention to the changes which have taken place in family legislation, such as the provisions which permit the marriage of persons located at a distance from each other; which declare the equality of natural and legitimate offspring in connection with public assistance and facilitate the legalization of illegitimates, at the same time strengthening and guaranteeing existing provisions with reference to guardianship. In connection with the laws of property, modifications have been adopted which limit the right of ownership in many ways, in some cases obliging the owner to abstain from use of his property, or determining the use to be made of the same and even depriving him of possession and authorizing others to control his property in a manner which, in ordinary times, would have been considered damaging to his interests. The laws governing obligations have imposed many restrictions on the liberty of contracting parties and the effective validity of contracts, by granting prorogations and dissolutions, by the introduction of unforeseen elements in their interpretation and execution, by determining terms and prices. Other modifications have taken place in the elevation of the married woman's legal status, in the

new conditions of citizenship, and in the legal recognition granted to the associations and institutions which have sprung up both numerous and active during the period of the war's duration.

The questions which have been the object of hurried war legislation were precisely those which preceding studies had already marked for reform throughout the civil code; and it is natural that this should be so, since the conditions created by the war did but confer added intensity and urgency to those phenomena and social needs which pressed for the reform of civil legislation, and with regard to which the war has only meant an accelerating force—a precipitous and violent force, therefore in part disorderly and necessarily subject to revision.

A new field is now open to our modern jurists. If a considerable portion of the legislation which has arisen with the war is destined to be swept away for the reason that it arose from temporary contingencies, which, created by the war have disappeared with the war, another section will be found worthy of preservation, as a corrective of what was antiquated and an incentive to further progress.

The factors enumerated in the above remarks give us the assurance that Italian jurisprudence, given the wealth of its sources, will run straight to a safe and glorious goal; and if, in the area of results, we may perhaps be reminded of Vico's flux and reflux, we may also quote the verse of Horace: "*Multa renascentur quae iam cecidere, cadentque quae nunc sunt in honore.*"

### LECTURE III.

#### ITALY'S CONTRIBUTION TO INTERNATIONAL LAW.

Before entering upon the brief study of the contribution made by Italy to international law which forms the object of my lecture this evening, allow me to note the felicitous coincidence of thought which, judging from what has been said by my eminent colleagues, prevails in this most interesting and important gathering.

Thus, at a time when nearly all the nations seem to have been seized by an economic madness which prompts them to surround themselves by economic barriers, increasingly insurmountable, it is most gratifying to me to hear Professor Viallate declare so emphatically that economic isolation is not possible for any country and that the principle of economic interdependence will sooner or later be forced upon all the nations of the world, willing or unwilling. In the same way it is most satisfactory to hear Lord Bryce declare, as he did in last evening's lecture, that the development of trade relations is a guarantee for the maintenance of world peace, and that economic war inevitably leads to military strife, and that therefore the attitude of governments towards world problems must not be influenced by "the selfish greed" or the private interests of groups of financiers.

I cordially adhere to the principles thus expressed, and I trust to be able in one of my next lectures to submit further proofs of the soundness of these principles.

I propose to speak to you today of the Italian contribution to the scientific and practical development of international law, which, whatever may be its actual efficacy in various contingencies, always remains the bulwark of the juridical structure of humanity for the better adjustment of the relations which exist between peoples, and the countries into which they are divided.

I would wrong you, and myself, if I imagined that anyone amongst the people who are kind enough to listen to me were ignorant of what Rome represents in the history of the idea of law. I need not, therefore, dwell on the part which Rome has taken in the history of public and private international law. I need not recall how the Romans supported their own dealings with the confederated and friendly people in that admirable system of alliances, supremacy, and domination which forms as it were the external juridical structure of the Republic and Empire; nor how they disciplined their conduct in war according to the celebrated college of the Feziali and the law which took its name therefrom. I need not mention what magistracy nor what rules governed the regulation of the relations of citizens with foreigners; nor what is really represented by the famous *Jus Gentium*, which is so much a part of classic and Justinian Law; nor what provisions the sources of this law contain relating to the real and true conflicts of laws with peoples and states other than Rome. It is not of this ancient history of ours,

however full of interest and instruction it may be, that I want to talk to you; nor of that history much nearer to our time which concerns the events which followed on the fall of the Roman Empire; nor of the "professions of law," in which is carried out the so-called system of the "personality of right" which predominates in Italy, and is characteristic too of all the Frank Empire; nor of the rise of our glorious communes, by means of which were interwoven in Italy, before anywhere else, the first threads of a new web of international juridical relations between free communities more or less independent and autonomous, through agreements, conventions and arbitration, which deserve to be sought out and gathered together more than they have been up to the present. But, I want here to recall the name of him who stands on the frontier of the new history of Italy as the genius of our race, to whose memory the world bows today, in the seventh century after his death, as to one of the great spirits of whom humanity can boast. In his famous treatise on *Monarchy*, Dante Alighieri, as great a jurist and philosopher as poet, maintains that for the progress of the civilization of the human race, and for the maintenance of universal peace, it is necessary that the different peoples unite under the control of one monarch, without interfering with the autonomy of the various principalities. In the form adapted to the times and the spirit of that great man, it is in substance the universal conception upon which Rome acted in ruling peoples as also in governing intellects. The ideal of the confederation of everyone for the common good had also in Italy notable manifestations from Cicero to Dante, from



Alighieri to Mazzini. I allude to the *Progetto di Crociata*, written by Mario Sanudo, one of the celebrated harbingers of pacifism and international arbitration, and associated with the idea of the general pacification of Europe; and to the project of a perpetual Diet between Christian peoples which was included by the eminent diplomatic prelate of Piacenza in his plan for general political regulation.

The destruction in the sixteenth century of the mediæval political order of Europe founded on the supremacy of the Pope and of the Emperor presented the problem of the future regulation of relations between the states, which had as a consequence become autonomous and juridically equal. In studying this problem of the peoples' rights, according to its modern conception, we find illustrious names of Italians; first of all at the end of the century, those of Pietro Belli and Alberico Gentile (*De Jure Belli Commentationes De Legationibus*). Gentile, who on account of his great erudition was called to teach at the University of Oxford, might be called the founder of the science of public international law, which he was the first to detach from theological premises, raising it to the height of an independent theoretic system, founded on the principles of "natural law." The illustrious Professor Holland, whose lectures at Oxford I had the pleasure of attending in my youth (who edited the fourth reprint of Gentile's chief work and spoke of him at length in a famous speech), wrote that he has every right to contest with Grotius the title of father of international law. The latter, for that matter, in the introduction to his famous work *De Jure Belli ac*

*Pacis*, published in 1625, acknowledges the great help he received from the work of Gentile. Neither was Gentile's contribution to international law circumscribed by doctrinaire elaboration. From the peace of Westphalia (1648) onwards whenever some question arose between the states which might be called juridical, the treatises of Gentile and Grotius were specially consulted by diplomats and governments, and their authority was so great that in many cases the rules laid down therein were considered as actual law. One might say with truth that in the seventeenth century civilized states considered themselves reciprocally bound by a system of international law, the essential principles of which were to a great extent those proposed by Grotius and Alberico Gentile.

The works of these old Italian writers will undoubtedly take a deserved place in the admirable collection of Classics of International Law which the Carnegie Foundation has been publishing steadily for some years, through the initiative of its illustrious and indefatigable secretary, James Brown Scott.

Not less important was the contribution of Italian knowledge to the first scientific elaboration of a theory on "The Conflict of Laws." The historic opportunity for such studies presented itself in Italy earlier than elsewhere, whether on account of the formation of numerous legal relations between individuals of different cities, who were therefore subject to different statutes and communal laws, or on account of the renaissance of juridical studies rendered universally famous by the knowledge and juridical acumen of the later glossarists. Bartolo da Sassoferrato, Alberico da

Rosate, Baldo, and Bartolomeo da Saliceto are the most glorious names of a constellation of eminent jurists, who from the comment on Roman law, venerated as Common Law (written equity), progressed to a search of the field of its application to communal constitutions, and by their discoveries determined many of the principles of legislative competence with admirable acumen. These fruits of their learning modern teaching has inherited and codified in internal laws and international conventions. This first period of the doctrine of "The Conflict of Laws" is universally known as the Italian period.

Bartolo da Sassoferrato (fourteenth century), the most celebrated, merits the title of father of international private law, in the same way that Grotius and Gentile merit the same title for international public law. If Bartolo was not the first nor the only one of his time to propose rules for the solution of disputes, wrote an illustrious French jurist, his personal work was infinitely superior to that of his predecessors and contemporaries, and the theory of constitutions took such an ample form under the impulse of his thought, as to remain indissolubly bound up with his name.

In the doctrine of Italian constitutionalists is the germ, the starting point, of all modern doctrine of international private law. Later developments, especially in France and Holland, otherwise would have been incomprehensible, nor could they have been made without the original nucleus which formed itself in Italy. In comparison with the latter these later developments often represent a retrogression as regards

freedom of principles and the substantial value of theoretic and practical conclusions.

I know that one of your countrymen, whose name and fame I have recalled, has discussed a proposal to publish, with the assistance of young scholars of my country, a sort of anthology of the works of those old jurists of ours, in order to show how greatly and profoundly this branch also of the science and practice of law was elaborated in the time of our free communities—the most brilliant, perhaps, and certainly the most intense and fervid of all the periods of our history; and to show, too, how the great principle of a community of law between states, which is in substance the unshakable foundation of all international law of the later times, received many centuries ago and chiefly in our country many and clear sanctions.

After such a brilliant start, Italian participation in the scientific development of international law loses for a long time all important original contribution. In international private law the tradition of the first glorious period becomes continually weaker and the influence of foreign doctrine makes itself felt. Up to the first half of the nineteenth century the treatises of Casanova and Rocco, although most valuable in the discussion of special questions, in their fundamental principles reflected the influence of the French school. In international public law, however, our erudition boasts, even in the eighteenth century, some works of great fame. Ferdinando Galiani wrote *Dei Diritti e Doveri dei Principi Neutrali verso i Guerreggianti*; Lampredi the famous work *Del Commercio dei*

*Popoli Neutrali in Tempo di Guerra*, and Domenico Aguni the *Sistema Universale dei Principi del Diritto Marittimo dell' Europa* which made the Sardinian writer the founder of contemporary international maritime law. But these are works of a circumscribed nature, which are not sufficient to confer a new and original stamp on the systematic elaboration of the problems of international law. For the rest, in all European teaching, this seems to be a period of transition in which, in spite of the excellence of some works, knowledge, wavering between the leading of naturalistic law and that of historic and positive law, wears itself out in criticism rather than in construction, without affirming any decidedly new ideas.

About the middle of the nineteenth century, Italian science reacquired a leading position, thanks to the development of new principles, informed by a spirit and temper so peculiar as to render them universally remarkable under the title of "teaching of the Italian School."

The principle of nationality, as an essential factor in the political constitution of states, which had already found eloquent exponents in some philosophers, such as Vico, Giandomenico, Romagnosi, and Giuseppe Mazzini, that great leader and agitator in the field of abstract speculation as in that of practical life, arose to the dignity of a new foundation of international public and private law, thanks to the famous essay, *Della Nazionalita come Fondamento del Diritto delle Genti*, read at the University of Turin on the 24th of January, 1851, by Pasquale Stanislao Mancini, and

by him reaffirmed and developed later in many lectures and writings.

The essential idea of Mancini was that the coexistence of nationalities, according to the law of right, was the primary fact in the science of international law, its first truth and its fundamental theory. The legitimate and eternal subjects of the law of nations should be considered, not of states which are artificial collections of men often constituted and maintained by fraud and violence, but of nations, that is to say, free and natural societies, founded on common language, race, culture and knowledge. Not being able to exclude from the international partnership those states which were not constituted on a national basis, Mancini foretold their transformation or dismemberment, for he recognized in an agreement of nations juridically organized, the essential prerequisite for the realization of peace and justice. The rights of each nation should be exclusively defined by the corresponding rights of the others. As Mancini himself says textually: "The school of international law, born in Italy, rests upon an intimate connection between the rational and philosophic principles of law, in harmony with the conclusions reached by the scholarly and patient research of the historic and experimental school." He considered humanity, as a great and natural society of equal and independent nations, coexistent under the sway of the supreme law of right.

Giuseppe Mazzini was the precursor of Mancini, dating from 1831, when Mazzini expressed his conception of the principle of nationality in the *Introduzione*

*Generale per gli Affrabetati alla giovane Italia*, and then condensed his thought into the formula: "One's native country first, for the good of all countries." (*La patria a beneficio di tutte le patrie.*)

Terenzio Mamiani asserted the same principles as Mancini up to 1862, affirming that the complete development and free expansion of a nation "reaches its extreme limit the day that the political borders mingle with the national ones." He actively took up the defence of the little states. "Every autonomous people," said he, "however unimportant they may be as to land or wealth, and however weak and limited may be their defences, should be able to live in sureness of itself and freedom of action beside the most warlike and formidable nations."

It is certain that when he wrote these words, immediately after the formation of the new Kingdom of Italy, he was thinking of that little Piedmont which had, during the preceding years, prepared the independence of Italy, fighting against the overbearing foreign power, and of which, in 1851, the American Chargé d'Affaires at Turin, William B. Kinney, had said: "One may really say that it is the only country of liberty, civilization and religion in southern Europe."

I like to remember with gratitude that in my youth I followed the lessons of Mancini and Mamiani.

This renewing doctrine, to which profound actuality and significance were given by the great political movement for national independence, which is so much a part of the history of the nineteenth century, showed itself capable of important applications whether in the field of international public law or in that of inter-

national private law. In fact, in both of them it gave rise to scientific assertions and developments, which constitute the characteristic element of the Italian school.

The nature of international private law, positive and concrete discipline, requiring prompt practical realization, had necessarily to moderate considerably the essentially revolutionary spirit of the principle of nationality. It obtained above all the substitution of "national law," understood as the law of the state of which the individual is a citizen, for that of residence, as the competent legislative criterion in matters of personal relations. It was by virtue of the Italian school that the predominance of international law, which has already received sanction in the preliminary provisions of our Civil Code, triumphed afterwards in many foreign laws, and was solemnly consecrated in the conventions of private law at The Hague in 1902 and 1905.

The application of the principle of the so-called "necessary private law," that is, that law which private individuals cannot derogate (law of persons, family, succession), taken in relation to voluntary private law, and to the limit of public order, set up by the guardianship of the rigorous necessities of territorial sovereignty, gave rise to the elaboration of a new scientific system which, whether because it was received by many foreign jurists (it is enough to remember the famous work of Laurent and Weiss), or because of the fruitful criticism raised everywhere, had a great and important influence in all the later scientific development of international private law.

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The national principle presented itself as much more revolutionary in the field of international public law, where, despite the ardent enthusiasm of some, it met with the bitter criticism of others. Some, turning to examine the sociological factors of the idea of country, argued the scientific insufficiency, the arbitrary and too changeable character of this conception, while the authoritative deplored the characteristic of order and stability which that doctrine would have stamped on international relations, and the encouragement that would have been derived therefrom by every revolution against constituted order. Others called it a Utopia, born of the sentiments and needs of the time in which it was conceived.

But the objections and hostility came, for the most part, from lack of understanding of the ideas of Mancini. Recognizing in the nation an entity essentially constituted of common elements of moral nature and culture, Mancini did not so much want violently to upset the existing international order as to express a legitimate tendency or aspiration of the people, which might find its future realization in an ideal organization of humanity, and in the meantime had to oppose as illegitimate any attempt at brutal territorial conquest. We are, therefore, dealing essentially with a solemn protest of reason against oppression, justified in that historic moment, the claim of desires for justice against the errors of reality. "The law," said Mancini, "can never be the product of bare human will. It is always a necessity of the moral nature, the power applied by the principle of moral order, which proceeds

from a religion superior to that where men live and desire."

The doctrine of Mancini is only, in fact, the continuation under another guise of the traditional teaching which, under the ruling juridical order, affirms a law of nature, that is, a law which pre-exists and transcends empiric reality, drawn from eternal truth, the perennial legitimacy of the conception of country. Exactly because of this idealistic tenor, for the scientific justification offered to suffering people for the cause of independence and liberty, the doctrine of Mancini has had a profound effect both in Europe and elsewhere, and marks an important stage in the scientific development of international public right.

Among the followers of Mancini's teachings in Italy Pasquale Fiore is particularly worthy of mention. With his *Trattati*, well known also amongst studious foreigners, Fiore gave to Italy the first complete system of international law, while with his *Diritto Internazionale Codificato* he added to the famous projects of Blüntschli and Dudley Field a new and vigorous project of judicial order for humanity, set out in the form of codes.

We must give a high place among the Italian cultivators of this doctrine, in our times, to Guido Fusinato, formerly a professor at Turin and my parliamentary under-secretary when I was minister of foreign affairs, who, if he did not start fresh currents of thought, at least gave to Italian study of international law new direction and impulse. In the critical revision of the theory of Mancini, in the construction of rela-

tions pertaining to territorial changes, in all his writings Fusinato gave proofs of admirable knowledge and juridical acumen, being the first to apply that vigor of method which is inseparable from all scientific research, even in the field of juridical discipline, to the study of the problems of international law.

Other recent jurists, worthy of mention for their notable contributions on the most divergent branches of the subject, are Bazzati, Catellani, Diena and Fedozzi. But Dionisio Anzilotti, formerly professor of the University of Bologna and Rome, and now attached to the League of Nations as Vice-Secretary-General, rises above all for his vigorous insistence upon that rigorous method of which Fusinato had already given some proofs.

Although Italian doctrine had for some time paid its homage to the positive way of science, the need to expel from the juridical conception every principle which did not derive its own efficacy from the will of the states, led to the disintegration of many vestiges of the traditional teaching; tendencies, methods, and ways of thought now happily overcome by the systematic reconstruction of the other juridic doctrines.

In our field also, Anzilotti had the merit of launching decisively an analogous revision of rules and institutions, separating the rule which is in force from what is merely the aspiration of teaching, collecting positive law in the logical form of a rigorous system, where the judicial importance of each international relation is clearly separated from every interference from its ethical and political relations.

In the scientific treatment of the gravest and most

discussed problems of the subject, in the assiduous collaboration of the review of international law founded and managed by him, Anzilotti with admirable persistence and continuity of thought has continued this work of systematic reconstruction of international law, in harmony with the fresh demands of thought. His example has attracted ardent disciples amongst the younger Italian students of this science, who, adopting the same method, have proceeded to the critical revision of the most varied institutions, often obtaining highly valuable scientific results.

In these remarks about our contemporary scholars, it is perhaps not proper to signalize the formation of a new Italian School, inspired by the same original character which justified the title for the school of Mancini. Nevertheless, we must recognize that the impulse given by the new direction to the study of international law has been particularly fruitful in Italy, causing a scientific revival which has again placed us in the forefront of the study of this type of problem.

From the cold regions of remote history, from the clear sky of science, we will descend, ladies and gentlemen, to the fruitful field of the practical working out of law in the most limited, but perhaps the most interesting field of contemporary reality and history. In this field, too, in spite of the short time that she has been raised to the dignity of a nation, Italy has left deep traces. It will give me the greatest pleasure to draw your attention to this, briefly describing to you the paths travelled, and the work accomplished by the government of my country, to which I also, allow me

to remind you, have contributed my modest but fervid and, I hope, not useless assistance.

The path of international activity of the new Kingdom was determined by impulses which dominated the ideas in which were expressed the memorable effort of the Italian nation to realize the unity of the State. The historian who examines the current of Italian thought in the nineteenth century, during the political struggle for national unity, is struck by the fact that the Italian spirit at that time did not stiffen into egoistical and jealous nationality, but even in moments of bitterest struggle against the foreigner was dominated entirely by a higher synthesis, in which were coördinated and reconciled national independence and international solidarity, Fatherland and Humanity. "The national life is the means; international life is the end"—were the formulæ, one might say the dogmas, which were welcomed with equally fervent faith by Giuseppe Mazzini, and by the juridic thought of Terenzio Mamiani and Pasquale Stanislao Mancini.

The Italian State formed in this ideal atmosphere was impelled, almost by a higher impulse, to make the practice of her international conduct accord with a spirit of fidelity to its sources. Those forms, expressed in almost religious terms, became the criteria informing practical action in the field of internal legislation as also in foreign relations.

The first task of the newly united State was to furnish itself with uniform legislation. Here there happened what has never happened before in any other country. The day after a victorious political struggle for independence, Italy gave herself legislation which

not only avoided any spirit of narrow nationalism, but was the most eager to render homage to the necessities of the international community. In 1865 Italy sanctioned in its Code the liberal principle which puts the foreigner on the same level as citizens in the matter of the enjoyment of civil rights (Art. 3), in all the field of private rights and, in part also, of public rights. Contemporaneously with the preliminary provisions of the civil code the new state established a system of international private law, which translates into rules of constitutional law the propositions stated by the "Italian school" of international law.

Whilst, by spontaneous decision, internal legislation was being constituted and coördinated with largeness of view with foreign juridical ordinances, Italy, animated by a sincere spirit of international understanding, placed herself at the head of the movement to bring into the field of international private law a certain uniformity of opinion, by agreements which would bind the states to the same rules on the subject. On the 24th of November, 1873, the Chamber of Deputies, on the motion of Mancini, invited the Government to call an international conference to elaborate general agreements to regulate "the conflict of laws." Mancini explained his design before the legal experts of the whole world, at the session which the Institute of International Law held that year at Geneva. And when, in 1881, he became Minister for Foreign Affairs, he made a formal proposal to the Governments of the principal countries to organize a conference on international private law. For various reasons the proposal did not meet with the success hoped for by

Mancini at that time. But the attempt was not without effect. It contributed to prepare the movement which materialized some years later under the initiative of the Dutch Government, in the various conferences on international private law at The Hague, in which Italy always took an active part, signing all the agreements elaborated by such conferences.

The same spirit guided Italy in the field of political relations with other countries. Even Utopian plans of associations of the states to secure the peace and progress of the world always had in Italy disinterested and fervent supporters. Even in this field the State, recognizing the limits which separate dreams from reasonable reality, always maintained its faith in the national tradition of thought. Thanks to the work of her representatives, Italy made a contribution worthy of the highest consideration to the peace conferences at The Hague in 1899 and 1907. Allow me to pay the homage they merit to Count Nigra, Count Tornielli and Guido Fusinato, who had such a considerable part in the work of that assembly and knew how to acquire such general esteem. The two first were ambassadors at Vienna and Paris when I was Minister for Foreign Affairs, and the third was my Under-Secretary of State. Any minister in any country would have been honored by such collaborators.

Italy showed her willingness to conform to the principles affirmed at these conferences, showing in the most ample way her willingness to accept arbitration as a means of peaceful settlement of international conflicts. There are numerous treaties of that kind concluded between Italy and other states, both

European and American. In negotiating these agreements the Italian Government, sincerely desiring to welcome in the fullest manner the principle of compulsory arbitration, was always ready to give the greatest extension to these proceedings, but did not always find the fullest sympathy from the other governments. It is for this reason that in the numerous series of arbitration treaties concluded by Italy, there exist all the types into which it is usual to divide conventions of this class, according to the greater or less completeness and efficacy of the agreement between the contracting states, in applying the principle of obligatory arbitration for the settlement of their disputes. Amongst these agreements those most worthy of remembrance are those which Italy concluded with Denmark and Peru, with Argentina and Mexico in 1907, with Holland in 1910, with Uruguay in 1915. These represent the best examples of agreements of that class, whether from the point of view of technical elaboration of their rules, or for the limits within which the contracting states would apply the principles of the jurisdiction of arbitration. Some of them attribute, with well thought out precautions, to the same arbitrators the discretionary power of estimating damages, which in so many cases renders transient the undertaking to submit to judgment. Others contemplate all controversies of any nature, and therefore those which agreements of this sort generally exclude under the pretext that they touch the "vital interests" or "honor" of one of the contending parties. The treaty between Italy and Denmark, as was very justly remarked by the eminent Italian jurisconsult



who negotiated it, was the first by which a great power had undertaken to submit itself to obligatory arbitration without restrictions and without limitations of any kind. Others contemplate an even greater progress, permitting each of the parties to present themselves before the judge, whom the agreement makes it possible to select even without the agreement of the opposing party. But the full execution of the principle of obligatory jurisdiction, thanks to such dispositions, carried out on the ground of arbitral jurisprudence before they were aware, appeared only in the statute of the court of international justice.

Not only in treaties, but also in practical reality of trials, did Italy bring its specially efficacious contribution to the development of these rules. A notable Italian statesman, Count Federico Sclopis, presided over the assembly of arbitrators which fifty years ago pronounced at Geneva the memorable judgment in the serious controversy which arose between the United States and England for the damages received by certain American States during the War of Secession by the *Alabama*, and by some privateer ships which remained in British ports. Another Italian statesman, Marchese Visconti Venosta, took part in the solution by arbitration of the controversy between the same States over the fisheries of the Behring Sea. At his side sat a young man, Fusinato, who in his turn became a very trustworthy judge in numerous arbitration cases. Then again the King of Italy was called upon to decide as arbitrator in controversies of the same sort.

A direct effort to build up an organization of the international community meets with serious difficulties

when it is proposed to penetrate into the delicate and jealous field of general and political relations between States: but to facilitate the way also in this field the understanding is valuable by which, apart from political competition, it is proposed to organize for the solidarity of states on the ground of economic co-operation. Knowing the high value, political, too, of international agreements of this nature, Italy has always adhered, without reserve, to all the "Administrative Unions" which notably contributed to intensify international commerce, building the foundation of a true solidarity in all the countries of the world. It was an Italian jurist whom I have had occasion to recall on several occasions, Guido Fusinato, who marked in the footsteps of Mohl the first traces of the scientific elaboration of this part of our juridic knowledge, destined in future to receive such ample and full development in doctrine and practice.

In this field of relations, the contribution of Italy to the growth of that new branch of positive international law, the "International Labor Law," is particularly important. One might say that in this field Italy pronounced the first word. The convention between Italy and France in 1904 to regulate the treatment of workmen of the two countries was the first international agreement, which, with modern judgment, regulated the questions concerning workers.

This convention, which was conceived by Luigi Luzzatti, was not only a fruitful mother convention, from which sprang a number of special agreements between the two contracting countries, but by the force of example it gave rise to many similar agreements

between other countries. In the meantime we continued advancing; the new labor treaties recently made with France itself and with Luxemburg, undoubtedly constitute the highest point to which, up to the present, we have arrived in the field of concrete agreements. The Italo-French treaty, of which I had the honor of fixing the main lines in the first conversations with the government of the Republic, later negotiated and concluded at Rome on the 30th of September, 1919, regulates in a just and systematic manner the relations between the two countries, for all that concerns questions pertaining to the treatment of workingmen. The following is the fundamental principle on which the treaty is formed: in matters of social care, assistance, protection of labor, each of the two countries will treat the citizens of the other as though they were its own. The principle of equal treatment, received in this way, actualized in its fulness the demands of social justice—that foreign laborers, who contribute to the national wealth, should be on equal terms with nationals in all matters of social legislation of the country. The treaty with Luxemburg, concluded the 11th of November, 1920, is formed on the same lines; in fact, in some respects it goes farther, as, for instance, when it extends the principle of equality to matters regulating syndical liberties and guarantees.

Whilst by these special and concrete agreements it contributed in the most effective manner to the progress of positive law, Italy took part, with resolute and ardent judgment, justified by the happy experience which she had made in this field, in the recent movement for the international permanent organization of

labor. In the inter-allied commission of the Paris Conference, to which the task of studying the problems of labor was confided, the Italian delegation made a valuable contribution. Its proposals at times seemed too radical, but that proves with what faith Italy has accepted the idea of international order, which promoting the protection of labor of all countries, is destined to constitute a force of the utmost importance in the maintenance of peace and in cementing the solidarity between peoples. In 1919 at the Peace Conference in Paris, in the commission for international labor legislation, the Italian delegation maintained that the Peace Treaty should contain a clause as nearly as possible resembling the demand made by the trade unionists just after the armistice; that all countries, including those not belonging to the League of Nations, must be comprised in the international organization of labor; that the international organization of labor must be extended to agricultural laborers as being a class which had given generously of its life blood to the war; that immigration and emigration must be free, but subject to the regulations of the offices instituted to deal with them.

At the second international labor conference (at Genoa) the Italian delegation unanimously supported the proposal (partially accepted) of equality of all sailors without distinction as to nationality or race.

Furthermore, that the privileges of the employment agencies (*Collocamento*) should be extended to all sailors, including those belonging to countries which have not ratified the agreement, was also unanimously supported.

The representatives of capital and agriculture, united under the Minister of Labor to examine the agricultural questions included in the agenda of the third international labor conference (Genoa, October, 1921), unanimously voted that the conference should approve a convention to institute internationally a legal working day of eight hours for agricultural casual laborers, as well as for those engaged on fixed contracts, with the modifications advantageous to agriculture, in accordance with the draft of the bill presented by the Italian Government; to insure agricultural laborers against unemployment; to insure agricultural laborers against all risks; to provide good and healthy habitations for laborers on the soil; to guarantee to agricultural laborers the rights of a union; to protect their women and children, and to provide for technical instruction in agriculture; in fact, everything that has already been provided for by Italian law.

At the first international labor conference at Washington the Italian delegation unanimously took the following initiative:

(a) Extension on a general scale of the rights of foreign labor to mutually receive the same treatment as that provided for by local law to home labor, in as far as it refers to the protection of work and professional unions. (Approved as a recommendation.)

(b) Motion to call the attention of the Council of the League of Nations to the connection between the lack of raw material and the unemployment of workmen. (43 votes against; 40 in favor.)

(c) The institution in the international labor office of

## ITALY'S CONTRIBUTION TO INTERNATIONAL LAW

a special department to deal with all questions regarding emigrants and emigration. (Accepted.)

(d) Proposal that the council of administration should present a plan of a convention for the protection of agricultural labor. (Accepted.)

You know, ladies and gentlemen, how this organization of labor was formed, partly surpassing the limits, in a general order of the commonwealth of nations, constituted with the name of the League of Nations. I will not speak of this since in your country it has formed the subject of bitter controversy between the two great parties, Republican and Democratic, and I do not wish to say anything that may, even remotely, give the impression that I wish to meddle in American internal affairs. Therefore I will not speak of the League, but of the spirit with which I entered it, and took part as Italian Government representative. Speaking in the Italian Senate on 19th of April, 1919, I said: "What guarantees does the League of Nations offer? The peoples have been promised a reign of peace, justice and equality. Well, these are promises which cannot be made with impunity, nor in vain, and if they are not maintained, perhaps we shall have to see a dreadful outbreak of the people's wrath.

"Woe to us if, having crushed German supremacy, we discover that we have substituted other supremacies for it, apparently less brutal but equally tyrannical in reality. Woe to us if, behind this supremacy of a few great nations should be hidden a formidable plutocratic combination, a colossal financial monopoly for the economic exploitation of the world.

"Whenever such a fact should be proved, the liberal

middle class of all the nations, to whom the democratic development and progress of modern society is due, would have to recognize sadly that they had been mistaken, and that society finds itself crushed between two menaces, that of utter anarchy on the one hand, and that of a monstrous international capitalistic centralization on the other."

Speaking as Minister for Foreign Affairs, I said in the House of Deputies on the 27th of September, 1919:

"And will the League of Nations, which should render war impossible, achieve all the noble aims with which it has been instituted? Will it work, not as a coalition of the most powerful, or as a union of victors, but as the truly disinterested and impartial international magistracy of free peoples?

"Could it prevent any exploitation and any overbearingness? Could it insure that the nations which have the raw material shall make an equal division of it, not subordinated to ends of political importance? Only the future can say."

On the 19th of May, 1920, when the constitution of the League of Nations was announced at the Capitol, I spoke as follows:

"The public opinion of the world will be all the more with us when we show to a greater extent that we have our own autonomy and conscience; the more we affirm ourselves as an independent magistracy, and not as a mere instrument of the governments, or as a useless copy of their agreements, or as passive executors of their decisions."

And on the 12th of October, 1920, speaking at Milan at the Congress of the Universal League of the Society for Peace, I expressed myself thus:

"The League of Nations would fail in its object and would fall into general discredit if it were to protect the private interests of some governments in preference to those of humanity in general. No statesman with any sense of dignity would consent to take part, as a delegate, if he had, under the guise of justice, to contribute to the maintenance and strengthening of exclusiveness, privileges, supremacy and monopolies."

And in November, 1920, at Geneva, at the General Assembly of the League of Nations, speaking at the General Meeting as member of the Council (which post I later resigned), I said:

"The representative for Canada has asked us: 'If you of the Council are not the interpreters of the instructions of the States which you represent, what are you?' I reply: 'We are something more useful, higher, greater—we are magistrates: And in our discussions we must not think of the particular interests of our countries, the care of which is confided to their respective Governments, but we must only secure justice. Only at this price could the League of Nations be a living reality and not a vain mockery. Liberty and justice must not be a label behind which there is nothing.' And finally I ended thus: 'I believe that the League of Nations will be that only when all the countries of the world without a single exception are represented therein.'"

Amongst you, as amongst all Americans, there are certainly those in favor and those against the League of Nations as it is constituted today. Well, I am convinced that whether favorable or otherwise, you must all be in agreement in affirming that if a League of Nations must exist, it cannot be based on principles



and foundations other than those which I have put forward in the name of Italy.

In consequence of these principles I believe that the existing League of Nations should be so changed as to include all the nations of the earth, and to gain the solid support of the public opinion of the world. Further, it is my firm conviction that this end can be more easily and effectively accomplished by the transformation of the present League on the basis of the principles I have enunciated than by the erection of a new League on the abandoned ruins of the old.

Mr. Harding has taken the initiative of calling a conference of the representatives of the principal powers for the purpose of coming to an agreement for the reduction of armaments. Italy has heartily supported your President's noble undertaking. What will be the results? They will undoubtedly be beneficent, provided, however, that all the participants in the conference give proof both in word and deed of that sincerity of purpose which seemed sometimes to be wanting at the conference held in Paris for the conclusion of peace.

In regard to Italy no one can question her sincerity in this matter as she has already for economic reasons reduced her army and navy to the smallest proportions. As for myself personally, I have had, many years ago, occasion to express my sentiments on the question. In June, 1906, speaking before the Italian Parliament as Minister for Foreign Affairs in connection with the resolution in favor of the reduction of armaments which had just been proposed by Sir Edward Grey in the House of Commons, I expressed myself as follows:

"In the name of the Government I publicly adhere to the humanitarian ideas which in the historical hall of Westminster have evoked such wide and authoritative consent. It would be a great crime against humanity not to coöperate sincerely with those initiatives which may lead to a unanimous and simultaneous reduction in the armaments of the great Powers, or which in some way may remove the dangers and disasters of war and tend to insure the inestimable benefits of peace. I wish it were possible for the proposals of general disarmament to have a practical and immediate realization. Unfortunately, there are not a few who, considering how difficult it is to find a concrete formula which would guarantee all concerned of the simultaneousness of this disarmament, fear that for some time to come these initiatives may remain under the form of generous aspirations."

As an historical coincidence it may be useful to note that a little later the same ideas were expressed by your eminent President Roosevelt in his message to the American Congress, in his address to the peace-makers assembled through the initiative of Mr. Carnegie, and finally in his speech for the inauguration of the Jamestown Exhibition. Mr. Roosevelt and I both agreed that the hour for the realization of those generous aspirations towards general disarmament, though perhaps far off at the time we spoke, would undoubtedly one day come.

If President Harding's initiative should be the awaited signal announcing that the hour of international disarmament has finally come—so much the better for humanity and its destinies!

## LECTURE IV.

### ECONOMIC DOCTRINES.

The economic factor acquires each day greater importance as the decisive element in international relations. It is the economic issues which tend to characterize and complicate the relations between one country and another and which create international rivalries, jealousies and finally bitter conflicts. However, before dealing with those practical points of the economic international problem which are of burning present interest, I feel it incumbent on me out of respect for the eminent scholars who here represent the American universities to go back to the pure source of scientific economic principles. Perhaps in so doing I am giving my audience an opportunity of repeating the *boutade* of the great French statesman, Adolphe Thiers, "If Political Economy is a form of literature it is a very tiresome one." However, I ask myself whether in these stormy times, when everything around us seems to feel the gale of impending change, we cannot do something better than simply amuse ourselves.

To-day, therefore, I shall explain the chief characteristics of the economic schools which were formed and existed during the past fifty years; and shall seek to discover, through them and their survivals, what were

the determining causes of their formation, of their disappearance or their permanence, what principles can be drawn therefrom for future guidance; and shall deduce from them the extent of the Italian contribution to the science of political economy, for it undoubtedly represents one of the strongest currents of thought in the international theoretic field.

In the methodological field, economic science has followed a different line depending upon whether, starting from pure theory, from categorical premises, from pre-supposed essentials of the doctrine, it has attempted to descend by deduction to actual facts, or, on the contrary, has descended from the analysis of fact to the definition and formulation of theory.

The contingencies of economic phenomena were for the first time affirmed through the works of List, Roscher and Schmoller, by that school which, on account of its origin, may be called German, and by many is called the "historical school."

The followers of this school, amongst whom were many Italians whose works were also collected in a valuable publication, *Biblioteca di scuola economica*, directed with true wisdom by Wilfred Pareto, have examined the economic constitutions of the different states in the most remote times.

Thus while Roscher deduced as a consequence the immutability of the economic law through the different epochs and considered this a categorical verity—others like Schmoller limited themselves to examining the ideal substance of economic phenomena in their historical evolution, and to searching for the fundamental causes in the various contingencies.

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So instead of the immutability of economic law there was put into evidence its changing and variable side, and that so-called natural law to which the classical school of J. B. Say and Adam Smith ascribed the quality of permanence and universality disappeared.

Amongst the Italians Antonio Labriola, who became the creator, by means of a subtle economic analysis of historic facts, of a great materialistic interpretation of the evolution of the world, should especially be mentioned.

But undoubtedly the historical school is not free from defects. Above all it wishes to close every road but that of the historical method to economic science. Further, in the pretended analogy of physical law to social laws, and hence of physical phenomena to economic phenomena, it forgets that the latter are essentially variable and relative to times and places, as contrasted with the almost invariable immutability of the former. It was necessary, therefore, to fill in the deficiencies of the historical school by blending the study of objective phenomenon with that of subjective phenomenon. This is what the so-called psychological school tried to do. This school gave birth in its turn to the mathematical and hedonistic schools.

Among others, Jevons had already affirmed, in his "Theory of Political Economy," that the basis of economic science is the theory of value, understood in the sense of an expression of the desires of man. Consequently all economy consisted in examining and studying causes really psychological, which increase or diminish the intensity of desire.

The reaction to the principles already set forth by the German school was evident. However, whilst the classical English school had sought to define the law regarding the use of social riches and their products, the psychological school limited its studies to seeking the psychological element which accompanies the phenomenon of wealth, seeking in the human soil that is, the soul of those who create and consume that wealth in order to determine by this means the value which such a product might have.

There was a tendency in this manner to create a pure theory of value, and a theory of wages founded on natural laws, like that upheld by J. B. Clark in his "Essentials of Economic Theory." There was propounded a general theory covering all that might refer to the usefulness of the product, and on that basis was launched the principle of a graduated income-tax.

The complex principles resulting from the theory of value were examined thoroughly by eminent Italian writers amongst whom were Arias, Sella, Pantaleoni, Pareto, Graziani, Loria and others.

In this respect Loria observes that the chief defect of the psychological school consists in assuming the usefulness of products, which is properly a subjective element, as the basis for complex and grandiose phenomena in the economic constitution of peoples; since utility is not even a secondary element in production, but is simply the shadow thereof.

The mathematical and hedonistic schools have, as I have indicated, tried to correct the defects of the psychological school by seeking to determine what

relations of connection and dependence exist between the various social phenomena, which are the causes of indifference and which of economic equilibrium.

The hedonistic principle, wrote our Enrico Leone (*Lineamenti di economia politica*), has thrown light on the law of economic preference. According to this law the economic subject is continually making choices tending to approach the attainment of things which, compared with others, represent for him a greater utility, or a greater satisfaction; at the same time tending instead to avoid those which are the cause of pain comparatively greater than others. Or, having inevitably to bear with the obstacles which oppose production and consumption, the economic subject will have a tendency to choose rather those amongst them which offer the least resistance, which, that is to say, cause him the least amount of painful effort.

Economic science has not busied itself merely with the study of the most opportune method for seeking and for the examination of the social phenomenon. It has also sought to differentiate according to its tendencies, and according to its aims, and has grouped itself around two principal branches, two typical schools, the liberal or orthodox or optimistic, and the socialistic. All other tendencies are but derivatives or off-shoots of these two chief tendencies.

The liberal school, which has counted amongst its followers the greatest names in the economic world, Jean Baptiste Say, Adam Smith, Ricardo, Malthus, John Stuart Mill, Bastiat, and among the more recent economists De Molinari, Gide, Carey, Francesco Ferrara, Leroy Beaulieu and Walker, has had a great

vogue in Italy. The chief defect of this school, to which some still give the old original name of the Manchester School, is its excessive optimism.

The precept of *laissez-faire, laissez-passer* is well known. However, there is a series of intermediate positions both in thought and doctrine between the liberal optimistic school and the socialistic school. Thus while the orthodox doctrine of liberalism is expressed by Leroy Beaulieu in his concise statement: "*Les lois qui président à la répartition de la richesse sont aussi bonnes qu'inéluctables*" (The laws which regulate the distribution of wealth are as good as they are inevitable), we find on the other hand that Charles Gide, head of the so-called School of Montpellier, has somewhat restrained the excessive optimism of the liberal tendency, and has shown that it is not true that all is symmetrical, and that all is perfect and harmonious in the existing order; he has also qualified as incorrect the categorical assertion of Bastiat that there are no inequalities or injustices in human society, and that the State alone, by its harmful interference, provokes social evils.

In fact it would almost seem that the excessive optimism of the school arises from a preconceived determination to find the actual social order good at any price. The existing order has no scientific foundation in reason, especially as it is impossible to affirm that the laws of nature, which to a great extent preside over social life, are the best merely because they are natural laws. Neither could the law of conquest, of usurpation and of war—which nowadays is to a great extent at the foundation of our social order—be said



to be a law of liberty, and hence the best, even though it may be considered a law of nature.

On the other hand the theory of *laissez-faire* and *laissez-passer*—in which connection I will venture to recall the great discussion which took place in Italy between Francesco Ferrara and Luigi Luzzatti—would lead to the conception of the immutability of the laws of nature and the impossibility of their modification by man.

Finally, the optimistic school confuses the phenomena of the exchange with those of the distribution of wealth. If, in the first place, exchange of goods and services is effected between individuals of equal purchasing or bargaining power there would be no inequalities, as it is affirmed by the Italian school of which Loria is the head, but if in the second place, there were inequalities even though only in such measure as seems to be more of a necessity than an injustice, then exchange takes place in an entirely different way, in such a way as to create the gravest social inequalities. In this field the intervention of the State should of necessity be admitted, to correct the inequalities and injustices in distribution.

The socialistic school also is fundamentally a derivation of the classical school. It would be useless for me to recall how the greatest scientists of every country have discussed socialism or the extent of those discussions. But Italy, too, has made an important contribution to the study and to the criticism of the doctrines of the socialistic school. I need cite only a few of our writers: Cognetti De Martiis (*Socialismo Antico*), Zocchi (*Anarchia*), Nitti (*Socialismo Cat-*

tolico), Ricca Salerna (*La Teoria del Capitale*), Cossa (*Saggi di economia politica*), Pantaleoni (*Economia pura*), Ferraris (*Socialismo e Riforma Sociale*), Pareto (*Manuale di Economia politica*), Loria (*Analisi della Proprieta-Capitalistica,—Marx e la sua Dottrina Verso la Scienza sociale*), Montemartini (*Introduzione allo Studio della Distribuzione della ricchezza*), Leone (*La Revisione del Marxismo-Sindicalismo*), Arturo Labriola (*Il Valore della Scienza Economica-Economia-Socialismo e Sindicalismo*), Graziani (*Instituzioni*), Rocco, and many others. The socialistic school has been studied with special diligence also for its peculiar aspect and its political reflections. This was logical.

In fact, while the classical school, in seeking out social inequalities and possible remedies to prevent them, based their reckoning upon fatalistic necessities which would prevent the realization of a complete social justice, the socialistic school, on the other hand, refers all evils to institutions which today govern the destiny of nations and of world economy, and which they consider purely of class origin.

I will not waste time in an exposition of the socialistic doctrine in the different schools, in order not to repeat things already well known to you. I will only observe that the Marxist theory, founded on postulates sometimes right, sometimes wrong, and sometimes illusory, has had and still continues to have great popularity among the masses because of its distinctly revolutionary character, because it advocates revolution, where legal means fail, as the last fatal act in the struggle of the capitalistic and bourgeois classes against the proletariat.

Undoubtedly the economic life of the peoples has given the lie to Marx's catastrophic prophecies when he talked of the progressive impoverishment of the poorer classes, of the ever-increasing riches of the richer classes, and of an ever-increasing gap between capital accrued and capital earned.

The law of minimum wage has never got beyond the stage of a Marxian prophecy inasmuch as the high wage, or, rather, the law of wages in proportion to the cost of living, is what rules everywhere. Indeed, at present there is an industrial crisis everywhere on account of the cost of living and the price of goods.

Karl Marx was mistaken in prophesying a concentration of wealth, little by little, in the hands of a few, so that the state, by an easy act of spoliation, could take possession of all the national wealth. Today, on the contrary, the two extremes, maximum wealth and real poverty, are merely an exception. Only in countries backward industrially and from the point of view of agriculture, can Marxian theories have an appearance of solid foundation. In the others, there has been an increasing tendency to medium wealth which is the foundation of medium well-being. Evolution or Revolution? This is the great query which arouses impassioned discussions in the congresses of the socialist parties of all countries; giving rise to a threefold split: Pure Revolutionary Communists, Centrists with conditional tendency to communism and revolutions, and Reformists. After more than three years of tyrannous and bloody experiment, Russia, taken as a model and example by the communists, has not yet shaped its destiny. It has, instead, ruined its

economy in the most complete manner; it has dried up the source of its wealth; it has returned to a great extent and at a great pace towards primitive barbarism. Therefore its doctrines are at a discount in all countries. It is possible, therefore, to come to the conclusion that the school of pure socialism in its form of collectivism or communism has in it anarchistic derivations, and that it will either have to revise its platform in important respects or be content to dwell in the barren regions of Utopia. As long as socialism continues to advocate the equal distribution of wealth it will remain Utopian. But, when, as do some schools which have detached themselves from the original one—though still bearing the name of socialism, it demands simply a better employment and a better division of wealth, it deserves the attention of all thoughtful men.

From the revision of the Marxist theories has sprung the socialism which is called social-democracy, state socialism and cathedral or reformist-socialism, which places its trust in *parliamentary action* and in social legislation. It is an attempt to bring socialism down from the abstraction of pure metaphysics to contact with the reality of practical life. Through a principle of evolution and not revolution of organs and political institutions it aims at the gradual participation of the proletariat in the administration of the state. This is an argument which in Italy has formed the background of interesting discussions and of the enunciation of philosophic-economic principles which really form a school; among the best known exponents of these new principles are Ferrari (*Il materialismo storico e lo Stato*), Croce (*Materialismo storico ed*

*economia Marzista*), Restivo (*Socialismo di Stato*), Bonomi (*Vie nuove del Socialismo*), Turati (*Trent'anni di critica sociale*), Treves, and numerous others.

The marked tendency of both the reformist socialist movement and of the pure socialist school is towards state and town ownership and operation.

The state ownership of industries which affect the community and the tendency to nationalize the mines has manifested itself recently, though with much opposition owing to the disastrous results of the war-experience, in countries industrially as advanced as England. The ever growing increase in public property constitutes a rational approach by way of a logical and practical revision of the Marxist dogma to an ever greater interference and supremacy of the State in the industrial world. Heated discussions have taken place in Italy with regard to this problem. Able writers such as Arias (*Principi di Economia Commerciale*), Barone (*Ministero della Produzione*), Graziani (*Problemi Speciali dei Valore di Scambio*), Cassola (*La Formazione dei Prezzi del Commercio*), Tangorra (*Delle Pubbliche Imprese*), Pantaleoni (*Considerazioni sulla Proprieta Sistema di prezzi politici*), and others have discussed the problem of state intervention in defence of the community.

I am pleased to be able to call attention publicly to the fact that Italian theories in the field of town and state ownership are consistent with the American ones as expressed by your best writers in Political Economy—that is, that the problem of municipal or government ownership and operation must be discussed and

solved not in the light of any particular dogma, but case by case and according to varying conditions.

This principle set forth by the eminent members of the American National Civic Federation in their publication "Municipal and Private Operation of Public Utilities," and also by Frank A. Fetter and Rogers Ledger, is the same as that which was sustained in my country by Giovanni Monte Martini; while Luigi Einaudi in his work on Mines, enunciates the same doctrine in dealing with the relations between state and mining industries, the problem of nationalization of the mines and the different methods for determining the income from mines. Municipal or government ownership tends to separate industry from private enterprise and speculation, and to operate it so as to produce fixed prices in the interest of the community.

"Thus we may admit the utility of state insurance," says Arias in his treatise on Commercial Economy, "however high the rates of insurance may grow provided tangible public benefit is attained in the shape of better surety and protection for the individual." But even in this case the better service or increased protection must be proportioned to the increase in rates lest the public should be made to pay too high a price for its public utility. In fact it seems to me that one must be very cautious in estimating the public benefits accruing from town or state ownership, as the tendency is to overrate them in summing up the advantages of the system advocated.

Another consideration must never be overlooked, that is, that municipal and especially state ownership

can never have for its object anything other than public utility or safety. Its end can never be simply economic advantage.

For in the first place, the cost of operating government or municipal industries is always much higher than that of operating private concerns, which are generally governed on the one hand by the necessity of assuring an income to their shareholders and on the other by the needs of the growing industries, while, generally speaking, the public undertaking is not run with any such rigorous control of expenses or parsimony.

In the second place, public money is always considered more or less as everybody's money, to be spent without those restrictions attaching themselves to private property and is rarely considered as invested capital, for which the industry itself must pay.

The people generally expect from government industries the latest improvements and the best commodities, little caring whether the concern is in a financial position to pay for them, or whether it means going into debt. In the same way, when a revenue is obtained from a government or municipal monopoly—a rare thing, but sometimes known to happen—the people generally demand that it be immediately converted into reduced rates or lowered prices, unmindful of what the future needs of the industry may be. Thus, while private enterprise can sell its products at its own prices no matter what the profits are, every public concern must in order to content the people tend towards the free distribution of its commodities.

In Italy the number of town-owned industrial mo-

nopolies prior to the war was about 3,000, but that number has doubled since. The most important of these are public lighting, waterworks, transport service, advertisement boards, and slaughter-houses.

In its turn the Italian State has taken over the railroads, some steamship lines, and has created the state monopoly of all water-power, derived from lake or river, at any rate in all cases in which the extent of the operations exceeds the jurisdiction of township or province.

Italy sent to the front 5,000,000 of her best citizens in order to secure her natural boundaries and the freedom of the world. It was therefore, humanly speaking, a necessity not only to provide for the men but also for their families. This furnished an occasion for an extensive bourgeois experiment of the socialistic state. This was due, of course, merely to contingent and local conditions, but as it affected the distribution of the national wealth it is worthy of considerable study.

The action of the State was felt especially in the distribution of certain staple articles, the want of which would have either caused national distress or obliged the country to import them under unfavorable financial conditions owing to the high exchange. It would have resulted in either case in an economic crisis. I do not propose here to pass judgment on the way the State fulfilled its duties, or on the necessity of much of the war legislation, or on the advantages or disadvantages which have been derived therefrom.

I can only say that as soon as the peculiar conditions created by the war ceased to have effect, the fullest

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possible economic liberty should have been re-established, as the only means for mobilizing all the nation's energies, both private and public, in the great struggle for reconstruction which is now the supreme goal of humanity.

Having briefly stated the fundamental ideas of the schools about which so much has been published in the last fifty years, I wish to pause for a moment on a subject which, to my mind, forms the real and effective basis of economic life—*competition*.

Unfortunately economists are inclined too often to avoid inquiring into the full depth of the problem and prefer, or have preferred, to deal with cognate subjects; co-operation and association; liberalism and protection; monopolies and trusts, etc. All undoubtedly complex subjects, which stand out from the great common background of which they are but more or less salient features.

The problem of competition seems to me the greatest problem which can form the subject of investigation.

A number of questions arise out of this, each of them requiring the most careful examination, the greatest thought.

Are prices developed under conditions of free competition different from the prices created by conditions of monopoly?

Has the intensity of competition an influence on prices? And here already we have these two questions dominating all that concerns the theory of prices and, hence, indirectly, of value.

Has the intensity of competition an influence on economic progress?

Has intensity of competition an influence on the influx of revenue?

Is the co-operative system better than free competition?

Can a collective régime insure a hedonistic maximum? From these four questions, one may say, arises the greater part of the problems connected with social economy.

To assert therefore that the true basis of economic life is in competition would not, I think, be too bold a statement.

It is then necessary to think of the infinite and numerous aspects which the phenomena of competition present in order to establish its absolute, fundamental importance.

Just as we witness the manifestation of a form of individual competition in all the phases of life (and it is sanctioned by the great principle of the struggle for existence), so likewise do we see it in the great social groups, whether for political ends or for economic realities. The class struggle shows itself to be resolute and violent.

We have then, two further varieties of competition which are especially interesting; the great political competition with an economic substratum between nations, aiming at political expansion and conquest, and economic competition between antagonistic economic groups.

It is always the phenomenon of competition that

dominates and leads no longer merely to a free struggle but almost to a violent clash of financial groups or agglomerations of peoples, for the ultimate end of political dominion or of an economic monopoly.

Only thus, with this broad and complete view of the problem can be found an explanation of the evolution of the phenomenon of competition.

The complex phenomena of competition—which for that matter were held to be the basis of social economics even by Smith, Bastiat, Roscher and Say, as they had been by our great Pellegrino Rossi, have during the past fifty years attracted the profound attention of the greatest economists in every country of the world.

America cannot forget the father and son John Bates and John Maurice Clark (*Essentials of Economic Theory, the Problem of Monopoly*); Nettleton (*Trusts or Competition*); Patten (*The Theory of Prosperity*); Stevens (*Industrial Combinations and Trusts*); Wyman (*The Waste of Competition*), and also Williams, Boling, Woodward, Roberts, Roosler and many others.

But Italy, too, in this subject of scientific competition, has been able to take her distinguished place. Amongst her greatest contributors I will mention Wilfredo Pareto, who dominates with his great economic conception that science does not lay down precepts, but teaches merely that, given certain conditions, certain effects must follow therefrom; Loria (*Corso completo d' economico politica*) and Supino (*Economica Politica-Le Concorenza-d'alann caratteri*

*della scienza economica*), who only conditionally uphold competition, and would wish the consequences thereof softened; Garrone (*La Scienze del Commercio*); Ulisse Gobbi (*La Concorrenza straniera agli antic' economisti Italiani*); Ferrara; Cossa (*Sindicat Industrial*); Pantaleoni (*D'alann fenomeni d'dinamica economia*); Graziani (*Istituzioni*); Barone; (*Economia Politica*); Sraffa (*Le batte Commerciale-Le Stazole di Concorrenza*); Jannacone (*Il Dumping e la Discriminazione di' prezzi*); Arturo Labriola (*La Teoria del Valore d'Carlo Marx*); Sella with his valuable work *Concorrenza*, and many others.

The problem of free competition has been particularly discussed from the social point of view, and some have tried to show that the masses, the proletariat, have a sure advantage to gain from the development of competition; others have maintained that only the co-operative principle of monopoly can be salutary for the economy of a country and for the people living in it.

Generalizing on the preceding controversy, we have arrived at a discussion as to whether competition should or should not be considered useful, or whether monopoly should be preferred to it.

It is true on the one hand that competition, completed by association, tends to eliminate the causes which disturb the normal distribution of wealth. But it is also often true that in a struggle, in which competition becomes very acute and tends to affect prices, coalitions are often formed, and more frequently monopolies are created. Naturally, too, the question

of monopolies, direct offspring of competition, has been found an object of discussion, as the importance of the subject demands. But to lose oneself in an analytical and critical examination of a system which, especially in the United States, has been discussed and as deeply investigated as perhaps in no other country, would take too long and would be inappropriate.

I think really that it should be considered a grave error for individuals to think that they can discuss protectionist or free trade economic science. This preface is necessary before proceeding to refer to the bitter controversies which in Italy, even more than in other countries of the world, have developed between the so-called protectionist and free trade schools, because it is absolutely impossible to speak of true schools based on the doctrine of protection or on that of free trade, even though the problem of free trade has been one of the most studied during the last fifty years. From Cavour to our day, there have been an immense number of debates and innumerable publications referring to the controversy.

And so on this point I believe that the bitter controversies which have raged from 1860 to the present day and which are interesting as are few others, should be fought over again. For it is true that all great economic laws should not be understood in an absolute sense, but should be considered in their relative value; and in the specific case of liberalism it is really a case, in my opinion, of adapting theory to reality and not a real and true scientific debate.

And the greatest support of this assertion comes to me from the great Adam Smith, who in 1776 wrote in

the "Wealth of Nations," that whilst economic liberty is a law of nature still, it may sometimes be advantageous in certain cases to tax foreign industry in order to encourage national industry.

In Italy the controversy had its origin at the birth of the Italian State, at the moment when it seemed that only rigidly applied protectionism could secure the economic salvation of Italy.

The controversy, in which noted men took part, viz., Luzzatti, Ferrara, Magliani, Bruno, DeCesare, Marescotti, Miraglia, Mafrana, Calatabiano, Baer, Nobili, Lampertico, Del Giudice, Ciccone, will remain as a memorable example of high practical and doctrinal discussion and high political and moral affirmation.

Moreover, during the last fifty years, the debate has gradually been sharpened by the special conditions in which our metallurgical and mechanical, cotton and sugar industries occasionally found themselves.


Talented economists like Einaudi (*Logia Proterionista*); Rocco (*Economia Liberalie, Economia Socialiste, Economia Nazionale*); Arias Carli; Fanno; Ricoi; De Viti-DeMarco; Prato; Cabiati; Jannoccone; Cognetti de Martiis (*I duo sistemi della politica commerciale*); Rossi (*Ili State Uniti e la Concorrenza Americana*), have discussed and actively upheld their theories. Again, others, such as Fontana Russo (*I Trattati di Commercio e l'economia nazionale*); and Sella (*La vita della ricchezza*), have upheld the moderate conception that protection is a transitory thing, but essential nevertheless in given circumstances.

The basis of the debate, from a true point of view, naturally concerns the possibility of a country obtain-

ing full economic independence, of exerting the necessary effort without weakening the national strength, and of putting into effect a relative economic liberty.

These are problems on an international basis which have been discussed with equal zeal in all industrial and commercial countries. From F. W. Taussig (*The Tariff History of the United States*) to A. C. Pigou (*Protective and Preferential Import Duties*); Smart (*The Return to Protection, Being a Restatement of the Case for Free Trade*); Hythe (*Problems of Empire*); Unwin, and others whom I think it superfluous to name, we see an imposing collection of publications of very great interest.

As regards the United States, the problem of the possibility of arriving at a full economic independence has been stated with particular care. Has North America, with its enormous reserves of forests, iron, coal, aluminum, zinc, lead, nickel, petroleum, sulphur, mercury, asphalt, cement, peat, graphite, etc., an economic independence? Or has America itself, in spite of its enormous power, interest in importing from abroad wool, coffee, rubber, chemical products, raw silk, hemp, mercury and yet other products which she could nevertheless manage to produce internally? Van Hise, Bullock, Marshall, Wright, and Field and the other eminent American economists who have studied the natural resources of the United States, and who have contributed to the admirable work of classifying American wealth, successfully carried out by the National Conservation Commission, have contributed to a more exact statement of this serious problem by the elements furnished.



Such, briefly, are the phases of this dispute which in the past fifty years has so greatly interested not only our circles of economic study, but also our political circles and industrial associations. The aforesaid dispute is today in its acute stage, and assumes serious and dangerous aspects. It has become an international issue of deep social meaning, owing to the undue use which has been made by certain Powers of their monopolies of raw materials by the employment of discriminating prices, of prohibitory legislation, and of export duties. The problem is no longer restricted to doctrinary grounds, but is one of the vital questions confronting the world. I therefore think it appropriate to make it the subject of a special lecture.

Now I wish to refer to a last argument discussed with doctrinal fervour by our chief economists: that which concerns the cost of production. The argument which has already attracted the attention of all the greatest masters of pure economy has given birth and life to theories, and has caused the enunciation of vigorously upheld principles.

A theory of cost, directly connected with either competition or monopoly and with the theory of value and prices, revealed itself in all its importance only when it was possible to compile a minute specification of the various factors which enter into the process of production.

From the earliest statement of the theory of cost, that propounded by Adam Smith, who held that cost was made up of a number of factors, wages, rent, and profit, all of which, however, were reducible to the fundamental element, normal labor, spring the two



great schools represented by Jean Baptiste Say, of the total cost, and by Ricardo, of the simple cost.

Around these flourished other doctrines offering opposite principles, from Karl Marx, who considered the work of the laborer as the only real cost, to Stuart Mill, for whom cost is based on the quantity of work and abstinence therefrom, or on profits and pay; from Jevons, who reduced the cost to work measured in its intensity and duration, to Cairnes, who specified the principles of cost and abstinence in risks and work; and many other masters.

Eminent American scientists also took part in the great debate with masterly publications in the *Quarterly Journal of Economics*. The United States indeed attached special importance to the argument, as is also proved by the Law of June 13, 1888, which charged the Department of Labor to carry out an inquiry into costs of production.

As I have said, in Italy, too, the argument has been treated with particular interest. Some writers have really created lines of thought which can properly be called schools.

Wilfredo Pareto has asserted, for instance, the existence of three costs: a technical one caused by the factors of production; a physio-psychological one and a monetary one (*Corso di Economia Politica*); Ricca Salerno has upheld the great deductive principle that the varied composition of cost—which in its initial stages was reduced to work alone—has gradually been completed with the addition of continuous new elements derived from capital, from the soil and so forth (*La Teoria del Valore nella Storia dei fatti e delle*

*Dottrine Economiche*), Achille Loria (*La Rendita Fondiaria e la sua elisione naturale, La Teoria del Valore negli Economisti Italiani-Analisi della Proprieta-Capitalistica*), has stated that the cost of production is composed of two elements; cost of work and cost of accumulated capital, which are variously combined according to the different forms of economy.

Loria has likewise explicitly stated a principle opposed or neglected by many masters, namely, whether free land exists or not, emphasizing, by this tendency, a process of historic differentiation the importance of which no one can pass unnoticed.

Around these masters numerous other economists have studied the theory of the cost of production in relation also to other theories and to the capitalistic process. It is enough to mention the excellent work of Tangorra (*La Teoria Economica del Costo di Produzione*), of Gobbi (*Sul Principio dello Convenienza Economia*), Pantaleoni (*Principi di Economia Pura*), Graziani (*Studi sulla Teoria dell' Interesse*), Nitti (*Le Economia degli alti Salari*), Cognetti De Martiis (*La Mano d'Opera nel Sistema Economico*), and of the great Francesco Ferrara (*Note sulla Dottrina dei Fisiocrati*).

Having rapidly glanced at the great principles on which the scientific thought of our economists, like that of all the greatest devotees of social-economic science, has rested for the high development of human scientific and moral progress, you will allow me a last word on the question of capital.

What is capital? Agonizing question on which the most absurd principles have been based. Capital is

theft, capital is work, capital is land, capital is labor, capital is wealth however it may have been accumulated.

In fact, it might be said that capital is nothing but thought. Productivity, through economic progress in each separate phase, is essentially due to the capitalization of scientific discoveries and their application, of great theories and high principles, based upon facts and ideas which alone can yield an ever increasing mastery of man over the obscure and brute forces of nature.

Capital is thought. It is not only an instinctive rebellion from the materialism of some economic theories which urges one to affirm this, but also the conviction that, save for unimportant cases which do not weaken the law, capital in the future, when all possible inequalities and injustices may have been diminished, will always be increasingly the product of the human intellect.

This principle can really be called absolute, even though it may seem an error, as Pareto, one of our great economists, brilliantly asserts (Preface to Volume 1 of the *Biblioteca di Scienza Economica*), to reduce all social phenomena in the last analysis to economic causes or to the means of production, thus substituting a relation of cause and effect for a relation of mutual dependence.

In short, the problem of greatest reality, that around which have developed and are developing the great political struggles of our time, and around which have clustered the greatest problems coming under the head of pure economy, is concerned with the formation and

division of wealth and income. This purely economic problem has been the basis of the social movement in the last thirty years and around it has raged the struggle of ideas.

All the more difficult has seemed and seems the solution of this problem in civilized society with its intensive economic life, where the greater specialization and subdivision of work has rendered and renders an equal division of work, of production and of wealth more difficult.

The shares going to the producers are extremely variable and complex. Wages, honorarium, profit, rent, and interest constitute determining elements—but purely relative ones—of wealth. It is not possible to make a fixed and unalterable rule. It is absurd to express a rule which shall categorically fix relations between the various shares.

Two above all, according to the general lines of economic science and the study of human society, are the important causes of the inequalities in the distribution of wealth: the lack of a precise knowledge and conception of the usefulness of work; and the present form of property, with all the consequences deriving therefrom.

Any other discovery, any other principle, is linked with these two great immutable lines.

We have today two forms of work, roughly considered as a whole—the so-called manual work and the intellectual work. Each form, in its turn, has infinite subdivisions. It is not possible to establish an exact proportion between them, much less is it possible to reduce them both to a formula of equality. And truly

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it seems a necessity that a difference in the distribution of collective wealth should correspond with a difference in work and above all with a different capacity for production. It is necessary that wealth be distributed in different ways and in a form which might even seem uneconomical. It is necessary that the exceptional man who raises himself above his class, and spiritually impersonates the genius of the race, should receive exceptional treatment and should sum up in himself, even in the form of material wealth, all the work and even the misery and suffering of many, just as he holds the entire admiration of his contemporaries.

It is the same social necessity as exists between two workmen; the one more active, willing, and intelligent deserves to become the qualified workman, and to share in greater degree than his fellow-workman in the distribution of wealth.

These are social necessities as we have said, but they too must find mitigation and limitations in human necessity, and above all the necessity for justice and goodness; to all should be assured—even to the least fit, and even to the unfit—the lowest logical amount necessary to live without suffering; to all should be assured continuity of work and assistance and protection in illness and accidents, and protection and assistance for the families of those who, throughout their lives, have worked, or by their work have died.

This is the first great principle as regards the conception of work—a principle on which debates have taken place, and the doctrines of the different schools have met, and from which the new social institutions have sprung.

It is on this principle that the recent great economic controversies have been founded.

However, the great problems arising from the inequality of the distribution of wealth are asserting themselves with a force increasing proportionately to the measure in which such inequalities become insufferable to human nature, which has witnessed the disappearance little by little, and one after another, of all the political inequalities which divided it.

Titanic problems, of which Marshall could truly say to the section of Economic Science at the British Association meeting at Leeds in 1890: "Every year that passes, the economic problems become more complex; every year that passes it becomes more urgently necessary to study them from many different points of view and under many different relations. Every year it becomes more obviously necessary to acquire greater knowledge and to acquire it as quickly as possible to avoid on the one hand the cruelty and waste of irresponsible competition and the abuse of wealth, and on the other the tyranny and influence of the iron fetters of socialism."

## LECTURE V.

### THE LABOR QUESTION.

In the brief outline of the scientific principles of political economy which formed the subject of my preceding lecture, I was inevitably drawn to laying special stress on the social aspect of economic science which ever becomes more predominant, so much so that one can affirm today that social economy and political economy are one and the same thing. I shall in my present lecture endeavor to ascertain how these abstract principles of political and social economy were applied in Italy in the face of the existing conditions of the working classes and in the development of social legislation.

#### I.

##### THE DEVELOPMENT OF LABOR LEGISLATION IN ITALY

The history of labor legislation in Italy from its beginning up to the present time may be divided into four well-defined periods, the first of which dates from the proclamation of the Kingdom in 1861 to 1876; the second, from 1876 to the establishment of the Labor Bureau, in 1902; the third, from 1902 to the outbreak of the European War, in 1914; the fourth, from 1914 up to the present day.

In the first period, the social welfare movement had

just begun to be outlined; the system of landed estates prevailed in many districts; industry, emerging from the handicrafts stage, was taking its first slow and faltering steps; public finances were in a disastrous condition; indescribably heavy taxes smothered all initiative; the whole political life was straining solely towards the realization of national independence; parliamentary activity was concentrated on the unification of the various codes, and the administrative organization of the State.

Under these circumstances, it was natural that the condition of the laborers who were subjected to excessively long hours in unhealthy and dangerous surroundings, or were wasted by pellagra and malaria in the fields, was incapable of arousing protests from the philanthropists, or opposition and rebellion in those directly concerned, for their influence in national politics was negligible. In fact, the political parties were agitating for two reforms only, electoral reform for the extension of suffrage, and tax reform, which began by the abolition of the taxes on the grinding of cereals.

The social laws of the period were therefore very few, and of slight importance.

Although not strictly coming within this period, the law of 1859, proposed by Cavour, for the formation of insurance companies for old-age pensions, was noteworthy, and was a demonstration of the loftiness of the plans of the great Piedmontese statesman in the field of social reform.

The bills proposed for the inspection of the mines and quarries date from the same year.



In 1861 the fund for disabled seamen was instituted, and was supported entirely by contributions from the seamen themselves. In 1869, an advisory committee was created at the Ministry of Agriculture, Industry and Commerce on behalf of the mutual aid societies. In 1870 the co-operative societies were exempted from the payment of *octroi* in open communes. In 1873, a measure was approved forbidding the training of youths in itinerant trades. In 1874 co-operative societies were exempted during the first five years from their foundation from registration and stamp taxes for transactions not exceeding 30,000 lire in amount. But, as it is easy to gather, all these measures were of minor importance, and throughout the whole period the legislature remained, as it were, deaf to the appeals of the workers, the pleas of sanitation experts, and the warnings of those who called for social reforms in parliament.

After the electoral reform, notably increasing the number of voters had been enforced in 1876, the political atmosphere immediately was less hostile to the labor movement and to the initiatives of social legislation. Between 1881 and 1883 the government, with Depretis as Premier, presented to the Chamber on behalf of Berti, Minister for Agriculture, Industry, and Commerce, several noteworthy bills—covering accidents, arbitrations, strikes, national old-age pensions, labor of women and children, and mutual aid societies; but of these only the ones touching the protection of women and children and the recognition of loan transactions became state laws.

In 1888 a Bill on Emigration was approved, and the next year co-operative societies were allowed to undertake public works without obtaining the usual sanction.

Meantime, financial conditions in the country improved, the increase in railway construction linked together the various centres of the state, industry and commerce were consolidated and seemed to give promise of a great future; the labor organizations began to make themselves felt through meetings and various manifestations. In the Pact of Rome, the radical party called for further legislation protective of labor, and the socialist party was founded, with the declaration that it would safeguard the specific needs of the working classes. Leo XIII, in his encyclical "Rerum Novarum," pointed out the new duties which devolved on the State for the protection of labor according to Christian principles. A great impression was made by the example set by Germany which, under the guidance of Bismarck, boldly took the road of social reform by compulsory insurance against risks inherent in labor conditions.

But the opposition to social reforms still persisted strongly, especially in view of the difficult condition of the budget. In spite of this, however, a law was passed in 1893, founding a board of experts in industry, in addition to which measure two laws on accidents and national old-age insurance were added in 1898.

The opposition, however, did not last long. The workers, supported by the government, made a move towards the attainment of higher wages and better conditions of labor, and the meetings of the trade

unions, co-operative societies, and leagues followed meetings to draw up petitions, requests and memoranda.

All this contributed to a vigorous revival of labor legislation. In 1901 a law which really does Italy honor was passed for the protection of emigrants; and in 1902 Italy could already boast of laws for the protection of women and children, and the establishment of a labor bureau and council of labor.

The establishment of the bureau and council of labor marked a new period in the history of social measures. Not all the proposals for legislative measures which were drafted by them with ready activity were enacted by the various men who succeeded each other in power, but many among the most important became law, and especially was the enforcement of protective measures intensified, and a study made of the movements, needs, and aspirations of the masses. The bulletins and publications issued by the bureau of labor spread everywhere the result of these studies on the conditions of workers, while the labor organizations unanimously favored a greater development of labor legislation.

The political and economic atmosphere becoming more propitious, the adoption of social reforms was no longer hindered. Of the laws enacted at this period, mention should be made of those bearing on national old-age insurance, accidents, the seamen's disability fund, the maternity insurance fund, co-operative societies, weekly and Sunday holidays, labor contracts for work in the rice fields, nightly rest for bakers, the local administration of public services, the equitable

treatment of transport workers in public services, housing for the masses, scholastic measures, the inspection of labor, and the requisites necessary for child labor.

The work which was so well started, and which gave such promise of far greater development in the future, was arrested in 1914 by the cyclone of the European War. During the months of neutrality, our country fell back on itself and strove to meet the new situation as best it could.

In view of the unemployment which spread, owing to the upheaval of internal relations and the repatriation of our emigrants, we had recourse to a policy for the establishment of public works for the assistance of the unemployed. Numerous regulations were issued with a view to facilitating the execution of these plans.

To make possible the execution of orders for military equipment needed to put our army into working efficiency, a great number of extensions were granted to laws protecting child labor, and particularly to the regulations prohibiting night work for women and children in factories engaged on military orders.

On the outbreak of the war, the majority of the factories were subjected to industrial mobilization, and the entire activities of the nation were concentrated on the one aim of winning the war. Legislation was affected by the results of war conditions. Unemployment becoming more intense during the first year of the war, benefits were granted to the repatriated emigrants and the fishermen of the Adriatic, while the decree of April 6, 1916, organised contributions to the unemployment insurances and labor exchanges.

Special provisions were established by the decree of May 1, 1916, in favor of employees in private firms who were called to arms; amplified by later decrees granting war bonuses.

For those of our workers who derived incomes or pensions from insurance companies in enemy countries, a fund was opened for the concession of corresponding benefits. In 1917 compulsory insurance against accident was established for agricultural laborers who were serving their country at the front, and enrollment in the national insurance institute was made compulsory for employees in auxiliary factories. In the same year, another decree provided for the reorganization on a better basis of the national maternity insurance fund. In connection with the special authorities for the solution of labor controversies, measures were taken to postpone the election of arbitrators, conciliation commissions were organized, and new regulations sought to give a fresh lease of life to the board of labor arbitration, facilitating its constitution and enlarging its scope.

In the meantime, the war came to its final phase, and measures were taken to tide over the difficult period of transition from war to a state of peace.

The problem which called for most attention, in view of the demobilization of the army, was obviously unemployment. With the decree of November 17, 1918, two million lire were granted to the labor exchanges, and one hundred million granted to subsidize involuntary unemployment; while another decree of the same date traced and disciplined the difficult organization of labor mediation in the realm. On the

5th of January, 1919, there followed a decree to organize the unemployment subsidy funds controlling their functions and organizing the entire system of benefits.

Meantime large sums were voted in the budget for a program of public works. The benefit of temporary measures taken on behalf of private employees coming naturally to an end with the termination of the war, permanent regulations were prescribed in the decree of February 9, 1919, to regulate terms of employment, shortly followed by a decree on April 21, 1919, making disablement and old-age insurance compulsory, authorizing maternity funds to grant benefits during confinement in addition to the regular subsidy, reforming the disability fund for the mercantile marine, and the former old age and disability fund, which was now called the social insurance institute, in view of its new duties which it was called upon to exercise, and which seemed designed to deal with the management of all labor insurance up to now handled by different companies.

The new sense of duty called forth as a result of the world conflict, caused a vast movement towards a new civil and social code; the labor organizations were determined to insure for their members a better existence and a more equal participation in the good things of life, and when their demands—as in the case of the eight-hour day—did not receive the sanction prescribed by law, they had recourse to syndicalist action. Legislation, nevertheless, granted many of them, and, driven by the urgent needs of the period, laid the foundations by its latest provisions for the compulsory insurance

against involuntary unemployment; made provision for the regulation of labor contracts; laid down rules for the concession of land to peasants; encouraged the building industry to construct dwellings for the people, and reformed the laws dealing with emigration and the legal protection of emigrants. Numerous minor provisions completed the great task of reconstruction, and several important bills were presented to Parliament or to the advisory committee created for the solution of the serious problems of the day.

The new code which must control the increasingly complex relations between capital and labor is, in Italy, in a continual process of formation.

In consequence of the recent dissolution of the Chamber of Deputies, various bills, pending the approval of Parliament, will fall through, owing to the close of the Legislature, but the Cabinet has decided to put before the new Chamber some of the most important; such as the reform of the council of labor, the eight-hour day, the registration of professional organizations, and the ratification of the Washington Conventions; while, in connection with the advisory committees, there have been started with the approval of various resolutions in recent meetings, the investigations necessary to decide on the modifications to be applied to the scheme of labor control of industry, and a pressing demand advanced for the enlargement and reform of the board of arbitration and for compulsory insurance against illness, which is the only form of insurance which we still lack.

The King, in his speech at the opening of the new Legislature, asked Parliament to strengthen the co-

operative societies in order that new forms of amalgamated labor might be initiated; to allow the working classes to qualify gradually in the difficult management of economic activities; to consolidate insurance and the companies which manage it; to control labor representatives, and to call on them to point out how the great labor problems can be solved, and to undertake all in a spirit of equal justice towards the different organizations and their aims.

## II.

### LABOR ORGANIZATIONS.

Let us now observe how, compared to the development of social legislation, organized labor was progressing on its way.

In the progressive movement towards the emancipation of the Italian workman, five stages can be traced. From the period of mutual aid, which appeared with the rise of Italian unity and which had for moral and economic aims the betterment of the working classes, economy and brotherhood between workers—aims which, it is clear, were already based on a principle of international policy as affirmed by Giuseppe Mazzini to be the great end of humanity—we pass to the time when class struggle began to develop in the field of economics, for the increase of wages, shorter working hours and the protection of labor—a period in which the first leagues of resistance began to take shape on the disappearance of the mutual aid societies.

Meantime, from England, with its ever-increasing



number of trade unions and labor federations, the fever to organize labor began to spread through the world. With the new century, a period of tremendous resistance arose, or rather gained strength, in Italy, which revealed itself in the assault on employers, capitalism and the middle classes, through the medium of strikes and the establishment of trade federations, culminating in the definite political program for international solidarity among laborers.

This movement was destined to quicken during the past twenty years. The declaration of class struggle—not only with economic but political ends—was inevitably destined to lead to self-government in the working classes, and to the various developments which might arise therefrom. Sp

Simultaneously with this growth of class consciousness occurred the organization of the trade unions, while the fight against unemployment joined hands with the strong political tendencies against war and all nationalist aims.

The rise of the general confederation of labor showed how evident the development of this great evolutionary problem had become, and how in logical sequence there should follow competition between the association of different colors—white against red or yellow—and the industrial corporations which, with the evolution of the proletariat, had passed in the meantime from the standing of small industries to the great iron, metallurgic, silk and cotton industry coalition, against which arose in their powerful unity, the trade federations.

The fifth phase was marked by the invasion of the

/ factories by the workmen—an action which created a great impression abroad, and which led to the belief that Italy was on the eve of a revolution. /

There arose a grave controversy in Italy as to whether this invasion should have been prevented or repressed. There is no doubt that if such had been the case, industry would not have been so hard hit by the hold-up of production and the consequent loss of foreign markets, which continued during the long period of unrest which followed the invasion. On the other hand, it should be remembered that from the day the workers occupied the factories, they found themselves confronted by reality, and were obliged to realize the impossibility of their taking over the entire administrative control. From that time, communism—as the recent elections have proved—lost ground daily among the great mass of the people, to the extent of being practically exterminated in the three great centres where it had taken firmest hold, Bologna, Ferrara and Turin.

/ But a new problem arose—namely, the inspection of the factories by the workmen—which gave rise to a heated controversy, and is now before the Italian Parliament. / On September 19, 1920, the Premier, Signor Giolitti, invited the representatives of the industrial federations to discuss the question with the labor confederation. No agreement was possible, and the Government then presented a scheme by which, for every category of industry, there should be created a commission—elected on the proportional system—composed of workmen and engineers, which should have the right to be informed of all that concerned

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the administration of the firm, on the technical as well as the administrative and financial side, including the cost of production and the price of raw materials.

The second scheme, outlined in Article 1 of the proposed bill, was as follows:

(a) To arrange that the workers should know under what conditions the industries are developed.

(b) To promote improvement in technical instruction, and in the moral and economic conditions of workers, within the limits allowed by the conditions in which the industries are developed.

(c) To insure the execution of the laws enacted for the protection of the working-classes.

(d) To advise on the improvements for the increase of production which may tend to promote greater economy.

(e) To render the relations between the employers and employed increasingly normal and peaceful.

These proposals were considered insufficient by the general confederation of labor, and excessive by the general confederation of industrial employers. The former would like to have these proposals extended to cover all the banks and commercial firms, and further demands that the engagement and dismissal of workers shall be handled by the labor exchanges or the labor organizations, or by mixed bureaus.

The employers, on the contrary, maintain that the labor exchanges, both in industry and agriculture, are the means by which those seeking employment are forced to enroll themselves in the syndical and socialist organizations. With regard to control by labor commissions, they maintain that it would certainly hinder the technical and economic progress of industry. They

further contend that these commissions would promote local peace only if the directors of the labor syndicates honestly had at heart the desire to promote the prosperity of industry to the advantage of both sides. Instead of which, at the convention held between the leaders of the socialist party, the federation of metal workers, and the general confederation of labor, these commissions were publicly disapproved as a means by which the workers may obtain the socialization and the collective administration of industry.

Such are the lines on which the controversy is laid, but I will abstain from passing comment thereon, since I shall have to preside over one of the two debates which it will undergo in the Italian Parliament.

Further, the Italian confederation of labor, which unites the organizations of the popular (catholic) party, demands a compulsory share in the profits for the employees in industrial firms, and shares in capital, namely, the participation of the workers in the capital and management of the firm.

The idea that workers should have shares in the profits of industrial firms is not a new one. Without taking into account the vague aspirations of St. Simon, Fourier, and Owen, one might say that the idea was first mooted in a practical and concrete form by a liberal and not a socialist economist, Bohmert, following on the inquiry which he made in 1868 on the labor conditions in the canton of Zurich.

The classic work written by Bohmert was translated into Italian, and published with a preface by Luzzatti, contains the following fine epigram: "Everything that draws capital and labor together, and unites them in

the peaceful development of production, leads the country to a brighter future."

I will not undertake an examination of this theory, which has already been ably done by competent American economists. I will only remark on two facts:

In socialist spheres the proposal for a share in the profits draws scant sympathy, and above all they oppose the idea that this division of profits should be sanctioned by law.

During last May the International Parliamentary Committee of Commerce met at Lisbon, where the above theory was discussed, and the conclusion reached that a share in the profits should be advised for all firms where such a proceeding is possible, but that it should remain a voluntary, and not a compulsory measure.

Another question was raised concerning the extension of the functions of the higher council of labor, which now exists as an advisory board on which sit representatives elected by the workers and the employers, and delegates nominated by the Government.

A scheme recently proposed by the Minister for Labor has called forth a heated controversy; while the scheme for a workers' commission of vigilance in the factories was considered too conservative by some and too radical by others.

If the higher council is to continue to function as an advisory and auxiliary body, it is not reasonable to expect a more radical reform than that contained in the ministerial scheme. But, if, instead, it should prove the foundation of a really technical board, in a scheme of national economy based largely on syndi-

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cates, and on which all categories of workers—mental as well as physical—are equally and proportionately represented, the reform contemplated would be complete.

Personally, however, I could not advise Parliament, which is elected by universal suffrage, to concede any measure of its legislative powers for the benefit of representation based on class.

### III.

#### CO-OPERATION.

A new force has appeared in the social field and is making marked headway, to which many look as the heralded pacifier of social conflicts and the natural developer of efficiency and of the sense of responsibility in the labor classes. I refer to the co-operative movement, of which my country is one of the world's best nurseries.

With the constitution of Italy brought into a political and national unity, friendly and co-operative societies began to flourish. To Luigi Luzzati we owe the first lucky experiments with popular credit, which took place in Milan and other Lombard districts, and thanks to his efforts, institutes of co-operative stores arose everywhere in large towns and humble country places.

In 1867, at the Universal Exhibition in Paris, which was the last ray of Napoleonic power, Marce Minghetti, Vice-President of the Tenth Group, which was formed by all institutions whose end was the welfare

of the working classes, could announce that the first prize had been won by the pioneers of Rochdale, the second by Schulze-Delitzsch, for German peoples' banks, and that the third one had been granted to Luzzatti as a reward for his first successful co-operative experiments in Lombardy.

From that time co-operation found in Italy every form of application. Our powerful co-operative stores vied with those of England, the co-operative union of Milan, for instance, and the military union, among the members of the army, being among the first. The co-operative societies of popular credit arose in town and in country and took particular care of agricultural credit in order to suppress usury.

Besides the peoples' banks arose rural banks (*casse rurali*) built on Raifeisen's celebrated model and introduced into Italy by a colleague of mine in the Italian Senate, Signor Wollemborg.

The English Commissions of Enquiry who have visited Italy have already told much better than I can do how these institutions developed and what great profit they brought. These same Commissions initiated then a peoples' bank in India, and the rural credit they established in Egypt was the deliverer of the fellahs.

Towards the end of the last century the first popular bank of France was established at Mentone and soon afterwards imitations of it were founded all over the country.

When a Commission of Enquiry into rural co-operative credit came to Italy from the United States in

1913, Luzzatti, in the address he delivered to them, summarized the principles of co-operation in Italy.

But the history of Italian co-operation cannot be contained in a fragment of a speech. As in every other country, social democracy gave in its development a more popular mould to some branches of co-operation. Our rural banks are increasing and I can say they are almost equal to those flourishing in Germany and Denmark, two countries which hold the first place in Europe, and as you well know, Europe holds in co-operation the first place in the world.

Co-operative societies for work and collective leaseings of land, have arisen in large numbers. The first were strong associations of laborers in which mutuality took the place of the individual contractor. To them we owe public works of vast structure (through which they have grown rich), great co-operative undertakings which have reclaimed great areas of marsh lands in the Roman Campagna and have performed important drainage works in other parts of Italy.

No other country of Europe can boast of a larger number, of a better result, or of a more perfect skill in the works of her laborers associated in labor co-operative associations than my country. Secure co-operative mutualisms link them, and a large credit is granted by popular banks and by a powerful institute which completes and crowns it, bearing the title of National Institute of Co-operation.

In 1901 Luigi Luzzatti, as Secretary of State, secured the passage of laws and took measures in order to favor the creation of a new form of co-operative



organization for building houses for the common people, and secured to them the credit of the State. During the first ten years of its activity, the society for the erection of houses for the people seemed nearly to have met the need of this kind of healthful and cheap dwelling. We are overwhelmed though by what is happening now in every country, the increasing desire for popular dwellings. Often the common people might repeat nowadays the cry of Jesus, "The Son of Man hath nowhere to lay his head."

He who has the honor of addressing you today, has learned from the Old and from the New World (particularly from the New World) not to boast of the conquests of his country, but he cannot help stating with the accredited members of your Commission of Enquiry, that the co-operative world can learn something from us.

Now a great triumph of international co-operation is imminent under the patronage of English and Swiss Associations, which will also soon be joined by the Italians. An international league of co-operation will be instituted. The international trust which maintains high prices will be fought. The International Federation of Co-operative Stores will become a messenger of peace and good will among nations.

#### IV.

##### AGRARIAN SOCIALISM.

I have made a brief reference to the grave episode of the occupation of the factories by the workmen, the

details of which are already known to the American public through the press. Two reviews in particular, the *New York Nation* and the *Philadelphia Saturday Evening Post*, gave accounts of these events with a wealth of particulars and comments. The former, indeed, expressed in the title it gave its article, "Italy's Revolution," the anxiety then generally felt throughout Europe as to the chances which a revolutionary movement had for success in Italy. Events have since shown that such an attempt will never succeed in our country, for it will always find the vast majority of the nation resolutely and energetically opposed and determined to suppress by force any violent action by a daring minority.

Moreover, Italy is by no means the only country which has had grave labor agitations; they have been experienced everywhere. The movement which at the present time is peculiar to Italy is agrarian socialism, which though unknown in other great countries has obtained an extensive footing in many parts of the peninsula. The occupation of the factories was a flash in the pan, it lasted but a few days; but the occupation of lands has been a phenomenon of longer duration, though of this too we can say that it has now lost its intensity and is on the decline.

Italy is not a land of uncultivated acres. It is a mistake to think that there are large "unused" areas which could yield good crops if only labor were applied to them or the incapacity of their owners were overcome. Nevertheless, the desire to make Italy independent of foreign countries, as far as her cereal requirements are concerned, and the consequent advis-

ability of increasing the area under food crops; the propaganda carried on by the various political parties among the peasantry, whom they reminded of the precedents in the history of ancient Rome, when Sully and Julius Cæsar enacted laws for the division of large areas of land as a reward to their veterans; and the unrest resulting from extensive unemployment among agricultural laborers as a result of the cessation of emigration—all these causes led in the summer of 1919 to the occupation of lands in many sections of Italy by co-operative associations, and by leagues of agricultural workers belonging either to the socialist federation of farm workers, or to the white confederation of the catholic people's party.

These occupations were not always carried out tumultuously; indeed, acts of violence against property or persons were a rare exception, and quite frequently they were carried out under the shadow of the national flag. So general was the conviction that the government, in the bylaws it had drawn up for the national work in favor of fighting men, had recognized the right of the war veterans to the land that many associations, after occupying areas which they considered as uncultivated—generally grazing lands—proceeded at once to notify the government authorities, claiming their protection against possible reprisals.

Moreover, in those sections where large estates under extensive cultivation are the rule, as in Latium and some of the southern provinces, the occupation of lands is not a new phenomenon; the populations of these parts, founding their claims on former civic usages or on the ground that common lands had been

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usurped by private owners, have in the past not unfrequently occupied grazing lands to sow crops on them. But the occupations of 1919 were of a different kind to any such previous instances, not only in extent and gravity, but also in view of the motives which led to such action.

Starting in Latium, the movement for the occupation of lands spread to many other districts, more especially to Sicily, Apulia, and Calabria. In Sicily the erroneous opinion prevailed that if the peasants ceased from their regular work in the fields this would entitle them to claim that the land was "uncultivated" and therefore subject to requisition by the authorities, and as a consequence of this opinion many still unexpired leases were annulled and the settlement of strikes was made more difficult. It became necessary for the minister to instruct the prefects to inform the population, by means of special placards, that lands left uncultivated on purpose by those very farmers to whom they had been entrusted, would not be assigned to them under the provisions of the law.

As the action taken by the judiciary and by the administrative authorities in connection with these seizures of uncultivated areas did not seem to satisfy the requirements of the case, a decree was published on September 2, 1919, which aimed at increasing the yield of grain, and at providing the peasantry with the lands they required for seeding purposes. Furthermore, the prefects were authorized to occupy, as a temporary measure, uncultivated lands under private ownership, in behalf of legally organized agrarian associations. 27,252 hectares of land were thus requisi-

tioned, of which over 13,000 were in the province of Rome, and nearly 8,000 in that of Caltanissetta in Sicily.

This measure did much to re-establish order, as the peasants' leagues, knowing that they could obtain the land by applying to the authorities, abstained from further acts of violence. In Latium, associations of ancient date, known as "agricultural universities," possessing technical knowledge and financial resources, offered guarantees for the proper use of the lands assigned them; but the co-operative associations of ex-service men, possessing only the life-insurance policies granted their respective members by the government at the close of the war, or else possessing no financial backing whatsoever, could with difficulty secure the credit required for the purchase of seeds and machinery.

The drawbacks and abuses which occurred in the enforcement of the law of September, 1919, led to the enactment of an amending measure in April, 1920. The study of applications for land-grants was referred to special provincial commissions, presided over by the local assessor of taxes, and composed of two land-owners and two peasants. It was decided that the right of occupation could only be granted in the case of uncultivated or badly cultivated lands, due consideration being given to the quality of the soil and the technical exigencies of the estate. Failure to cultivate the land or to pay the annuities charged for the same made the grant null and void. Penalties were provided in cases of arbitrary invasion of lands, which was treated as an act of usurpation, foreseen under

Article 422 of our penal code, and punishable by imprisonment for not more than thirty months, and a fine varying from 50 to 3,000 lire.

A subsequent law enacted in October, 1920, modified the personnel of the provincial commission for making land grants; a central commission was set up in Rome to decide on appeals against measures taken by the prefects, and in view of the very large number of appeals made against such decisions in Sicily, a regional commission was set up in Palermo, thus making an experiment in administrative decentralization, in conformity with the wishes of the political representatives of the island.

The provisions of the laws of which I have just spoken, while providing in their ensemble a juridical system, were enacted in view of specific conditions and in response to the urgent need of disciplining a movement which had assumed unexpected proportions, as well as to intensify as far as possible the cultivation of grain crops. But it is obvious that the land problem can only be solved by an organic law for the subdivision of large estates. A bill to this effect was introduced into the last legislature, but the parliamentary situation prevented its discussion. The government has, however, drafted a new measure, taking into account the criticisms and suggestions offered.

A parallel movement to that for the occupation of lands in the sections where extensive farming prevails was that for the revision of farm leases in sections where intensive farming is carried on through tenants, crop-sharing (*metayer*) farmers, or by small holders. This agitation also resulted in temporary measures to

moderate and regulate it. Thus, in 1919, provincial committees were formed to revise the agreements between landlord and tenant and to settle disputes and conflicts, and a law, enacted in 1921, has postponed the date for carrying out farm evictions.

But these and other hastily enacted measures will have to be replaced by organic legislation, the result of thorough and careful study. Meantime, a bill has already been drafted for compulsory arbitration in agricultural disputes, based on the organization of complete representation for agriculture, by means of regional chambers of agriculture on an elective basis, and for the registration of associations of landowners and farmers.

I must also mention an important movement which first started in Italy, and which, in our country, has the support not only of the socialist parties, but also that of eminent writers belonging to the liberal party who recognize the undoubted advantages which can be derived therefrom. I refer to the movement for collective leases which has developed on a large scale in Italy in the last twenty years, both through the action of co-operative associations and of "agricultural universities," which have become the administrators of such collective holdings in central Italy, where they existed as far back as 1894, on the lines proposed in a bill which I had the honor of introducing into the Chamber of Deputies, of which I was a member before entering the Senate.

The Italian Parliament is, thus, preparing to tackle the grave problem of the relations between capital and labor both in the factories and in the fields, now that

the most disorderly and violent phase of the agitation of workmen and peasants has subsided. In the words of an American writer who has carefully followed these movements: "Italy has survived the worst, and will hold steadfastly to a peaceful solution of her troubles."



## LECTURE VI.

### THE INTERNATIONAL PROBLEM OF RAW MATERIALS, OF DISCRIMINATING PRICES AND EXPORT DUTIES.

My purpose today is to deal with what I consider the most difficult and yet the most vital of present-day problems—one which is peculiarly international in its aspect. I refer to the problem of the distribution of raw materials, of discriminating prices and export duties.

In order to acquaint you with the interest this burning question has evoked, and which will not abate until an appropriate solution has been found, I propose to give a brief outline of the steps which have been taken in different quarters in connection with it.

The first hint of the existence of such a problem as the international distribution of raw materials is to be found in a resolution passed as early as 1910 by the French league of consumers, presided over by the economist, Charles Gide, whom I have already quoted in a preceding lecture. At a little later date in the Chamber of Deputies, Edouard Vaillant and Justin Godard called attention, at different times, to the phenomenon of fluctuating prices of certain staple articles, to their distribution among the world markets, and to the irregularity of their movements—phe-

nomena which remained shrouded in the deepest mystery especially to the popular mind, where ignorance of the question tended toward irresponsible action on the part of the masses whose anger is the more to be feared when it is the result of misunderstanding. These gentlemen asked for an international bulletin of prices, which was finally instituted in 1914.

At a still later date your eminent fellow-citizen, David Lubin, whose generous initiative resulted in the founding an International Institute of Agriculture, thanks to the bountiful support of the King of Italy, addressed a petition to Congress calling attention to the speculation carried on by trusts in certain commodities whereby the prices of the same were kept constantly fluctuating, thus deeply disturbing the normal relations of international commerce. Congress as a consequence voted a resolution inviting the International Institute of Agriculture to call an international conference on the subject.

Later the Economic Conference of the Allied Powers, held in Paris in the spring of 1916, and in which I was a participant as Italian Ambassador to France, drew up the following resolution (par. 3, lett. B): "The Allied Powers promise to accord one another as far as possible commercial outlets for their exportations." This was done at my especial request after I had called attention to the fact that Italy, to whom the Allied Powers had virtually denied access to the German market, could never abide by such a decision unless compensation could be found in the allied markets.

The same principle has come up for approval and

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has been regularly adopted at every session of the International Parliamentary Committee on Commerce (Paris, Rome, Brussels, Lisbon, 1916-21). The membership of these conferences of which, together with Luigi Luzzatti, I am Honorary President, comprised the most technically competent men of the parliaments of all countries.

In March, 1919, the following resolution was presented before the commission for raw materials, instituted by the peace conference in Paris: "All staple articles, such as foodstuffs, coal, and other raw materials upon which depend the economic and industrial life of the different countries, must never become objects of monopoly, nor be subject to export duties or discriminating prices on the part of the countries possessing them."

A similar resolution was passed by the Supreme Economic Council held in Rome, in 1920, against discriminating prices in the coal trade.

Another resolution for the same purpose was put forward at the Washington Labor Conference, November, 1919, by the Delegation of Italian Workingmen, but was lost on a vote forty in favor and forty-three against.

The convention of the allied and neutral countries' co-operative societies, held in Paris, June, 1919, headed its post-war program with a recommendation of an international commission for the distribution and division of staple articles among the nations, according to their respective needs. This proposition was also adopted unanimously by the superior council of the French co-operative societies, which is under the

control of the French Department of Labor, as a result of the decree of the 13th of August, 1918.

Mr. Hoover, a member of your present cabinet, after having given such splendid proof of his executive capacity in so many important fields, thus expressed himself in his universally esteemed memoir of the 7th of August, 1919, with regard to coal: "The solution of the problem of distribution is of vital importance if one is to avoid the ruin and utter failure of the importing countries."

I must also mention the resolution passed by the second international socialist convention held in Geneva, 1920, which ran as follows: "The convention holds the first essential condition of international peace and amity, and the only possible concrete basis for a practical and efficient League of Nations, to be the assurance that every country may enjoy a minimum of economic welfare; it, therefore, advocates energetic and simultaneous action on the part of the different sections of the workingmen's internationale, in order to bring about the recognition and the adoption of the principle that the distribution of the materials essential to human nourishment must be under the rigorous control of an international committee, on which all countries, at first of Europe and at a later date of the world, shall be represented."

I must also mention the resolution passed in Paris at the first congress of the international chamber of commerce, in June, 1920: "The first international congress of chambers of commerce, in consideration of the menace to the world which the application of discriminating prices represents, tending as it does to

create a monopoly to the exclusive advantage of countries where raw materials are produced, draws the attention first of governments, second of commercial and industrial organizations, to the danger of conflicts which follows in the wake of such monopolies." I am pleased to add that the American delegation inserted a special clause which recommended the abolishment of all measures restricting or hindering the production and exportation of mineral oil and petroleum, in view of the vital importance of such products for all countries.

I will also mention the resolution adopted by the international financial conference at Brussels in September, 1920, at which meeting thirty-six countries were represented, among them France, Great Britain, Japan, Italy, and though unofficially, the United States of America; and not only were the governments of these countries represented, but also their banking institutions, their industrial and commercial organizations. That conference unanimously resolved "that a friendly and whole-hearted co-operation between the different countries created by the war, or whose territory has been increased as a result of the war, must be speedily developed, in order to render unlimited commercial exchange possible between them, so that the economic unity which existed in Europe previous to the war may be maintained and be unbroken by new economic barriers." The conference also resolved as far as possible and in such measure as feasible that every country should gradually re-establish freedom of commerce in the same degree as it existed before the war, removing all obstacles and especially the

artificial restrictions of trade and discriminating prices.

And now I come to one of the milestones in the solution of this interesting and fundamental problem. In October, 1920, there met in Brussels the Council of the League of Nations, which I attended, and where I for the second time raised the issue of the distribution of raw materials, of monopolies and of discriminating prices, having already raised the same question at the preceding session held in San Sebastian, Spain. I then stated that the aforesaid measures were in open violation of Article 23 of the League of Nations Covenant, which binds all the nations belonging to the League to reciprocally grant each other an equitable commercial and economic régime, and I presented a written report on the subject from which I quote the concluding sentences: "The protocol of the Economic Council of the Allied Powers which was held in Paris, 1916, contains the assurance that a reciprocal open-door policy will be maintained among the Allies; furthermore, Article 23 of the League of Nations Covenant promises to all nations belonging to the League equitable commercial relations. Truly, striking is the contrast between the promises thus expressed and the existing situation in which monopolies of raw materials and drastic economic legislation seem the dominating note. Never have so many commercial barriers been raised between one country and another as have been raised today. Article 23 of the League's Covenant must become an actual fact and not a simple figure of speech, for it would be most unwise and dangerous to confront the world with this dilemma: either

submit to be impoverished by an international capitalistic oligarchy or take refuge in the abhorrent doctrines and practices of the wildest communism and anarchy. For the good name of humanity and for the safety of civilization, another alternative must be offered to the nations of the world, namely, peace and justice, insured to all peoples." After a long and animated discussion, the following resolution was adopted: "The Supreme Council of the League of Nations, in view of the difficulties that many countries encounter in obtaining the necessary supply of raw materials required not only by their economic needs, but by the exigencies of bare existence, entrust the economic section of the Economic and Financial Commission to inquire into (a) the extent and nature of economic needs of the different countries, (b) the reason (excluding those of fluctuating exchange or lack of credit which have been examined by the Brussels conference) of their present difficulties. The result of monopolies on world trade will form the object of a special inquiry."

About the same time there was held in London, the International Economic Conference, which drew up the following resolution: "This Conference urges the desirability of appointing an international representation of the countries concerned, to advise as to the production and distribution of food, coal and other indispensable raw materials, with a view to insuring the satisfaction of vital needs, and to secure the largest possible production throughout the world. This Conference protests against the policy of preferential duties in crown colonies, mandatory districts and spheres of

influence. This meeting demands that the Peace Treaty be revised in order that all obstacles of economic reconstruction be removed." I wish to call your attention at this point to the fact that for the first time was solemnly affirmed what had been until then hinted at in an undertone, namely, that the economic privileges which the countries invested with mandates by the League of Nations have granted themselves in such territories, not only do not seem in harmony with the Peace Treaty but offend evidently the very spirit of the mandate institution itself, because it transforms those territories from mandated into actually acquired possessions. An efficient weapon is thus placed in the hands of those who criticize the institution of mandates on the ground that it is a hypocritical form which covers effective ownership to the exclusive advantage of the mandatory powers and that it would have been in the interest of international sincerity openly to proclaim the fact.

Contemporaneously a convention of the free societies supporting the League of Nations plan was held in Milan under the auspices of the *Famiglia Italiana*, at which the following resolution was passed: "The convention holds economic co-operation between nations to be essential for international order and peace, and that this condition is seriously threatened by the monopolistic policy in effect in many countries, a policy which ought to be revised as soon as possible, leading as it does to commercial and industrial imperialism. It, therefore, expresses the hope that the League of Nations will at the earliest possible date enact a measure abolishing all restrictions placed on exporta-



tion by the different countries and doing away with economic barriers that prevent the free circulation of those raw materials essential to human life and prosperity."

Lastly, in the middle of November, 1920, there met in Geneva the General Assembly of the League of Nations, where I had a little skirmish with the Canadian delegate on this same subject. This is what I replied to my opponent on that occasion: "I now touch upon an argument which the honorable representative for Canada considers of secondary importance, but which I cannot refrain from regarding as the most important question on hand, the great problem of the future, on the solution of which it depends whether we are to have war or peace in the world. I refer to the economic question. The delegate for Canada has declared that Canada will never consent to having this question brought up for discussion, as it is, according to his view, a purely internal issue. I am really dumbfounded—the economic problem of the world considered as an internal issue! The very life of the nations themselves depends upon the solution of the economic problem. You say that the distribution of raw materials is an internal problem. Well, one might on the same ground consider the declaration of war by one country on another an internal problem of the nation going to war. It is necessary, on the contrary, to say that the life of a nation depends entirely on the solution of its economic problems. The war has completely defeated the hope for justice and equality in the economic sphere. One must recognize, in fact, that the relations between nations have become

more difficult and more bitter than they were before the war. Economic barriers have been raised everywhere, export duties and preferential rights have been everywhere created. I address myself especially to those countries which have had recourse to this system, and I say to them, 'Up to the present day there has been no open conflict between the different countries, because no retaliation has been made by the countries affected; but, however, if those countries which are victims of the economic system founded on preferential duties and discriminating prices should wish to defend themselves and have recourse to the same measures which you have adopted, you would have started in the world an economic warfare. How will you, after that, be in a position to advocate peace?'

"I call the attention of the assembly to the importance of this question. It is evidently a most serious and difficult problem, as it deals with important economic interests. One cannot improvise easy solutions and I do not propose doing so. I only say to those countries which have the privilege of possessing world monopolies of certain raw materials, and to those which, on account of their national wealth, have been able to assure themselves a monopoly outside their old territories: 'Do not wait for the requests of the countries which are poorer and which are today at the mercy of your economic policies, but meet them half way in a spontaneous manner, and declare honestly before this assembly: "We are willing to lay aside all egotism, and before this parliament of mankind, solemnly pledge ourselves to adhere to the sacred cause of international brotherhood."'"

My speech was heartily received and in subsequent sittings the Assembly was acquainted with the resolution passed by the Council which I have already quoted, and decided to await the decision of the economic and financial commission.

In May, 1921, a group of English bankers, among whom figured the best known London firms, presented the English Government with a petition in which, after recalling that a century before, in the period of great economic depression which followed the Napoleonic wars, the merchants of London presented to Parliament a similar petition against the anti-commercial principles contained in the restrictive system then in effect, added that they were prompted today by the same motives to blame the policy which had been adopted, on the ground that it led to the exclusion of products from foreign countries, "as it is not possible," so the petition read, "to limit the importation without limiting at the same time the exportation and inflicting a serious blow on world traffic, on which depends the economic life of the country." Thus it is, that while all restrictive measures may, on one side, lead to the advantage of some industries which are privileged, and increase their profits, on the other side they cannot but threaten the development of industrial production by raising prices to a high level.

In June, 1921, the Supreme Council of the League of Nations met again, and the French delegate reported that the investigation carried on by the financial and economic commission, according to instructions received by the Council itself, with regard to the question of monopolies, discriminating prices and raw materials

was not yet ended. The investigation was carried on under the direction of the well-known statistical expert, Professor Gini, who had sent to all governments a questionnaire, to which at the time of my departure from Italy eleven governments had replied. The questionnaire was made out along the following lines: import and export restrictions; import and export prohibition; changes in list of prohibited articles; licensing method; control of foreign exchange; regulation of import prices; regulation of export prices; reserve for home use; export license duties; anti-dumping regulations; controlling authority in federated states for monopolies. What powers are possessed to restrain abuses arising from the exercise by private persons or companies of the monopoly or the substantial control over any trade or industry other than in the pursuance of the grant of a patent or a trademark? What provisions are there for restraining the abuse of monopoly rights in the case of patents or trademarks?

Finally, at the end of June, 1921, there met in London the congress of the international chamber of commerce, at which delegates from twelve states participated. Besides the Italian delegates, there were present the men most prominent in the industry, commerce and banking life of America, Great Britain and France. I must also note that the international chamber of commerce has not only been initiated by the United States, but its members are in a great part American citizens, so that the number of American delegates present surpassed that of all the other nations put together. The United States, by founding the international chamber of commerce, has demonstrated

that notwithstanding that it does not belong to the League of Nations, it is fully conscious of the part it must play in the economic reconstruction of the world. Now, in its meeting in London, the convention openly pronounced itself in favor of the free circulation of raw materials, and condemned all exclusive or discriminating prices, and voted for the abolishment of export duties. The English delegates voted in favor of similar measures, merely stating that they had no power to bind the Dominions or India, which were not represented.

How is it possible, you will ask, that so many representative and eminent bodies, made up not of simple doctrinaires or of idle dreamers, but of statesmen and practical business men with large experience, have not been able thus far to obtain positive and satisfactory results in the solution of this important problem, and that the heads of governments, notwithstanding the solemn agreements made by treaty and special conventions, to which they have affixed their signatures, have never for a moment fulfilled a single one of their promises?

At the conference of Brussels, there were present the official delegates of all state governments, who unanimously resolved and pledged their respective governments towards a change of present policy. Not one of the resolutions thus solemnly made and adopted is today in process of execution, except that of the Ter Meulen project, on international credit, the shortcomings of which I shall demonstrate to you in one of my remaining lectures. How has this been possible? Evidently only because there exists somewhere a coali-

tion of strong financial interests, more powerful than the governments themselves, a coalition against which all free-minded men of all countries must wage a continuous and unremitting warfare.

The problem of raw materials must be considered under a different light today from that in which I saw it at Brussels at the meeting of the Council of the League of Nations in October, 1920, and later at the Assembly of the same League at Geneva in December of last year. After the war there was everywhere an attempt to corner the market and pile up large stocks of goods, in order to push prices up to reach the highest price level. But this attempt after a temporary success failed, prices went down and reduction in prices took place in wool, cotton, jute, metals, oil, seeds and hides. The offerings of raw materials also have been in some cases greater than the demand, and sometimes the producing states have found themselves overstocked with their products and commercially tied up by the high value of their currency. It is not malapropos that the legend of King Midas has been evoked. However, if the problem has been shifted, it still exists, and if the new state of things caused the collapse of one of the worst monopolies based on discriminating prices, as that of English coal, it did not have any noticeable result for the oils and petroleum. Besides, there are other discriminating prices, other monopolies and high export duties, or import prohibitions, or duties so high that they are prohibitive, and as if all this was not enough, new devices for a narrow-minded economic policy are planned every day and everywhere. While before the war the effects

of monopolies were for the greatest part neutralized by competition and by the affluence of raw materials; now that they are again in plenty, some artificial obstacles to the free development of competition are created almost everywhere. The scarcity of live assets, the unequal distribution of raw materials, is in part solved, but the problem of the artificial increase in prices is still threatening. In the report submitted to the Council of the League of Nations, I presented arguments of a general character which hold true today. For certain raw materials their value is above all determined by their scarcity or by their limited supply, so that the country that possesses them does not take advantage of its superior capacity for work or study, but of the lack of resources of other countries. This lack of resources constitutes a natural monopoly for its own benefit which that country can increase artificially not only by discriminating prices and export duties, but also by special railroad or shipping rates, or by a preferential treatment accorded to colonies.

The increase in prices which touches the purchasing country, as a result of the unfavorable exchange, cannot be imputed to the country holding the raw materials. The exchange depends on the intrinsic value of the currency and on the trade balance. If some countries have not sufficient products to exchange for what they import, it is natural that the rate of exchange should be unfavorable to them. But on the other hand the difficulty of obtaining raw materials, and their excessively high prices, prevent the countries which do not possess them from producing, and hence, from balancing their payments abroad. Thus one can say that

the countries which control raw materials are partly responsible for the unfavorable exchange which hits the countries affected by their monopoly. But the danger and the loss for the country less favored by nature become more threatening when the stronger and more resourceful countries which possess the privilege of producing raw materials, not only regulate the quantity and the price of exportation according to their fancy, but further endeavor to extend their monopoly to raw materials of other countries, monopolizing them by means of capitalistic trusts, which are more or less openly backed by diplomatic action. The first form of monopoly, that is the artificial regulation of quantity and price for exportation, has already been applied by certain countries to coal, iron and other products of first necessity. The discriminating prices for English coal have hit Italy exclusively. France, in fact, owing to its internal production and to the priority which it has acquired on German coal, has felt in but a slight degree the increasing price of English coal, and the same may be said for Belgium. This striking example of how, by artificial means, the naturally rich country can increase its income at the expense of countries less favored was disapproved of by Englishmen themselves. Among many instances of public disapproval, I recall an article in the *Economist* of the 14th of February, 1920, denouncing "*the enormous profits obtained by exploiting the necessities of the hungry export market*" which concluded by declaring it "*an extremely dangerous policy.*" I shall not dwell at length on the so-called *anti-dumping bills*—anti-dumping as a principle is right, but it must not be



come a pretext for the most exaggerated and wild measures. It is justified if maintained as a strictly defensive measure; it is, however, to be avoided when it is so applied as to become an offensive weapon. Besides, when anti-dumping measures are applied against countries having unfavorable exchange, it violates the great moral law *afflictioni non est addenda afflictio*, which corresponds to the English saying: "Do not strike a man when he is down." We must be careful not to rehabilitate by our action the German dumping system to which objection has been taken so generally. In fact, the dumping system at least accorded foreign customers cheaper products, while the discriminating rates and export duties increased the cost of the products themselves. Export duties in a limited field existed before the war, but they have now been extended to an excessive degree to all essential products of which there is a scarcity in the world. Typical examples of these monopolistic export duties are, first, the export duty on grain in Argentina, on raw cotton and hides in Egypt, on jute, rice, hides and tea in India, on tin in French Indo-China, on cast iron and bauxite in France, on mineral oils, wood and cereals in Roumania, on vegetable oil, rice and cement in Spain; on wax, cellulose, hops, chaolin in Czecho-Slovakia; on cast iron and iron ore in Luxemburg; on industrial alcohol, metals, hides, chaolin, silk cocoons, raw silk, wax and turpentine in Portugal; on cereals, hemp, wax, flax, wool, hides, silk cocoons, and lumber in Jugo-Slavia.

The new form of monopoly (that is, cornering certain articles in all countries where they are produced) is exemplified by these instances:

- (1) By the Australian projected monopoly on wool;
- (2) By the Anglo-Australian-New Zealand phosphate convention relating to the island of Naru, in the Pacific Ocean, which is a territory subject to mandate as an ex-German colony. By this convention all the phosphates produced by the island of Naru are destined to the use of the three above-named countries. Only in case the supply should exceed the demand or the needs of these countries can the phosphates be distributed to other nations, and even in this case at a higher price;
- (3) By the regulating of the distribution of the phosphates from Tunis and Algeria. France decided, a year or two ago, to reserve fifty per cent of its phosphates produced in Tunis and Algeria for its own use and to distribute the other fifty per cent among the remaining European nations;
- (4) By the coconut (or palm-nut) of British West Africa. During the war two great financial organizations have been formed in England, favored also by the preferential duties of which I have already spoken, that have cornered the coconut production of Nigeria, Gambia, and Sierra Leone.
- (5) But the typical example is the recent Anglo-French agreement regarding mineral oil and petroleum, which was signed at San Remo on Italian territory, without Italy's knowledge, and which tends to place under the control of a trust made up of English and French capitalists mineral oils of all the world, the United States excepted. Against this cornering of European petroleum, the United States protested. I will not dwell on the diplomatic debate which ensued, the terms of which are well known, all the diplomatic correspondence concerning the subject having been published and commented upon. I shall just make one statement. It has been affirmed that Italy, excluded from the San Remo

agreement, could not enter the trust by giving the Italian bank a share in the deal.

I do not applaud such a solution. For me, personally, it is not a question of giving the Italian bank a share in the petroleum trust, but rather of preventing the Italian people from paying an excessively high price for their mineral oils in order to fill the coffers of the bankers of the world.

Italy, obliged to pay very high prices for those articles which constitute the essential elements of the economic life of a country, is strangled at the very moment when she is collecting all her energies for reconstruction and in order to rise to her former prosperity. The present situation in Italy, with regard to raw materials, is as follows: Before the war she imported fifteen million tons of raw materials annually, while in 1920 she imported only eight millions. The industrial requirements of raw materials, or semi-finished articles for Italy have been calculated by the commission for provisioning, nominated by royal decree the 30th of June, 1918, to be at the minimum sixteen million tons. Why does not the United States try to take a preponderant share in furnishing Italy the eight million tons of raw materials of which she stands in need? Of course, in order that Italy be in a position to buy those additional eight million tons, it is indispensable that she regain her "purchasing power," which must be the result of an increase in her exports.

May I here quote from the words of an American, Mr. Otto H. Kahn, who has written recently in a pam-

phlet, entitled "Pressing Problems and Some Suggestions," the following very judicious sentences:

"We cannot maintain our trade with the world unless we enable adequate imports to take place. Trade is not and cannot be a one-sided affair. We must buy from Europe, loan to Europe, invest in Europe. Whatever stimulates Europe's consuming capacity, whatever tends to re-establish order and normal conditions of trade and productivity is of interest and advantage to us. Whatever is calculated to retard Europe's recovery is of distinct detriment to us and reacts upon our own prosperity."

If this is true with regard to Europe in general, it is all the more true with regard to Italy in particular. In order to establish closer relations between the United States and the Italian markets depots of American raw materials might be established in Genoa and Trieste, whose extensive hinterland is formed largely of countries which are obliged to import such products. In this way the European and Italian consumers would be brought into close contact with the depots of American raw materials, and thus avoid the perturbing influence of fluctuations of exchange in trade relations, and would powerfully contribute to the development of commerce and industrial production in my country.

If the example given by the international agreement of two states with regard to petroleum and mineral oil should be followed, the consequences would be very serious. If, for example, England and America should agree to impose discriminating prices on raw cotton produced by the United States, by India and by Egypt, these countries could ruin completely the cot-

ton industry of the whole world. Very serious consequences would also ensue from a sulphur trust between the United States, Italy, and Spain; from a hemp trust between Italy, Russia, and the Philippines; from a nitrate trust between France, Germany, and Chile; from a mercury trust between Italy and Spain; from a silk trust between Italy and Japan. It is true, but nevertheless, we are on a fatal slope leading to these very conditions and from which it is most desirable to escape in time.

It has been affirmed that the World War was fought to insure justice among the nations. I shall not try to ascertain to what point political justice has been obtained. I believe, however, that I am justified in stating that there exists among the nations an economic injustice unknown before the war. We are at the beginning of this new régime, but alas! everything goes to show that this régime has a tendency to enlarge its sphere of influence and to create an unsound system of international distribution of wealth. The importing countries must necessarily defend themselves against this régime which tends to impoverish and plunder them. They will be obliged to exercise their right of legitimate defense in one of the following ways: either by closing their internal market, to the unfair competition of foreign goods, the low prices of which are due to the lower cost of raw material, or by protecting their own exports in foreign markets against the unfair competition of foreign goods produced under the same conditions of low prices. They will oppose discriminating prices by differentiated duties, and export duties by corresponding export premiums, and export

duties on raw materials which they may possess, when imported into countries practicing discriminating prices. The embitterment of the economic struggle would throw the international markets into the greatest disorder and would be a loss for all.

The world would go back to the dark ages, economically speaking. Such a system of spoliation would besides represent the negation of the moral ideas which are the outcome of modern civilization. What was slavery? It was but an economic advantage of one over another, and do not discriminating prices tend to the same thing?

And now let me come to my conclusion. What is to be done for raw materials? The international bureau of labor, constituted in Washington, and now having its headquarters in Geneva, at the head of which is a man of signal valor, my personal friend, Albert Thomas, when it received the protest of the laboring classes and consumers, considering the unfair distribution of raw materials, was forced to admit the difficulties of a more equitable distribution. In general, most states are above all jealous of their national rights, they think first of their own interests, and second of those of others. Finally there is a very great divergence of opinion as to the methods to be employed to obtain this ideal distribution. Hence the bureau, as a first step in solving this serious problem, proposed the institution of an international bureau of statistics on prices and freight. This bureau should not limit itself to merely collecting statistics, but should also study the methods that obtain in importation and exportation, detect the waste caused by the unsound

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distribution of raw materials, and insure above all a system of transportation as cheap and as rapid as possible, and at the same time make all the recommendations that are necessary to break down the artificial barriers which hinder the distribution and keep the prices high. In other words, one should do for international commerce what the United States have done for their internal commerce. The monthly summary of internal commerce published by the Department of Commerce contains the fullest possible information concerning internal commerce, prices and transportation. A similar bureau in each country would constitute the basis for a powerful international commercial bureau. With regard to discriminating prices and export duties there is only one possible solution; their abolition. "No tax or duty shall be laid on articles exported from any state," says the American Constitution, section 9, article 5. It is true this does not bind the federal government, but a continuous policy is to all effect as good as a written statute, and the United States in all their history have not, as far as I know, laid any duties on exports.

Need I then remind you, who are here gathered in the state which was the cradle of the American revolution, that the "Boston Tea Party" was a protest against the imposition upon the colonies of the necessity of buying certain articles at high prices.

I finally understand that what I have the honor to state before you will cause lively discussions and perhaps conflicts of interests. But I would ask those who have been hurt to remember that the safety of the world does not lie in the struggle of everybody against

everybody, but rather in international co-operation. Therefore I trust that my words may be like those of our national poet, whose sexcentenary we are celebrating this year:

“For if thine utterance shall offensive be  
At the first taste, a vital nutriment  
’Twill leave thereafter, when it is digested.”



## LECTURE VII.

### THE ITALIAN BUDGET.

I am sorry that this morning my path does not lead through flowery fields but through the thorny bushes of public finance.

The first Italian budget after the war, viz., that of the financial year 1919-20, revealed undoubtedly heavy expenditures owing to the settling up of numerous war obligations. At the end of the financial year, June, 1920, the sums spent for this purpose amounted to 43 billions as against an income of only 34 billions, thus leaving a deficit of 9 billions of lire to which had to be added the loss of 5 billions incurred by the government in its food administration, which during the war had been self-supporting, thus making a total deficit of 14 billions of lire. During the financial year 1920-21 notwithstanding the absorption in the government budget of the debt left by the food administration amounting to 4,700,000,000 lire, the expenditures were reduced to a little over 28 billions, while the total receipts registered 18 billions, thus lowering the deficit to 10 billions of lire. Finally, for the financial year 1921-22 the budget estimate included a little over 20 billions of lire of expenses, keeping in mind the recent bills passed by Parliament, especially the wheat law, as against a little less than 16 billions of receipts, so that our actual

deficit can now be calculated at only 4 billions and a quarter, which, however, during the year may tend to increase slightly rather than diminish, and may thus reach 5 billions. The above figures, though they indicate the trend towards normal conditions which prevails today in our national finances, still bring back the fact that we must be prepared to support for some time still a heavy and anxious burden—the inevitable legacy of the recent war, in the form of additional expenses for settlement of war-contracts, high exchange rates, purchase of wheat and other provisions, the restoration of the invaded districts (many billions), war-pensions (2 billions a year thus far), assistance to widows, orphans, and war-invalids; all items which will necessarily run on through a number of financial years.

No doubt, however, can be entertained that as these extraordinary expenditures dwindle, our national budget will regain that healthy equilibrium between income and expenditure for which it has long been noted. This result will only be possible, however, at the cost of the greatest sacrifices on the part of the Italian taxpayer and consumer, and provided, on one hand, that a government program of strictest economy be ensured, and on the other, that our agricultural and industrial production and maritime traffic be allowed to regain their former level of prosperity and recuperate not only from the strain of the war years, but still more from the acute post-war depression.

This lofty end, to which all my nation's efforts are now directed and to the attainment of which it is straining every fiber and muscle, would be hopelessly

and utterly frustrated were she now called upon—in addition to her other obligations—to pay her foreign war debts. This must obviously be left to the future, for, as Mr. John Forster Dulles remarks: “The foreign debts of the allies now could be fully paid only by economic efforts as violent and as destructive as those which were required to give them birth.”

In this connection the statement made, at the recent congress of the international chamber of commerce held in London, by the American delegate, G. E. Roberts, deserves special attention. On that occasion Mr. Roberts remarked that although, of course, any decision with regard to allied obligations towards the United States rested ultimately with Congress, America desired an arrangement that would not hinder economic reconstruction abroad among debtor countries or impose upon them new privations. He also added that American prosperity was impossible unless European countries were in a position to absorb American products, and finally concluded by saying that the two problems of reparations and of European indebtedness must be examined and solved contemporaneously.

## I.

### THE PUBLIC DEBT.

The *Gran Libro* of the public debt, constituted by the law of July 10, 1861, was opened with a first loan of half a billion, to which was added the greater part of the debts of the ex-states, recognized by the Italian state and united with the public debt of the kingdom.

In the same year, 1861, the interest on the consolidated debt already amounted to about 161 millions of revenue, for the nominal capital of three billions.

From that time the public debt increased year by year, as a consequence of the recognition of debts following the annexation of other provinces to Italy, or of the necessity of facing the exigencies arising from the want of equilibrium between the revenues and the expenses of the State, or of the necessity of supplying funds for the construction of railways demanded by the general development of the nation, or of other imperious demands.

The total debt of the State, which on June 30th of last year amounted to about 95 billions of lire, had increased to 105 billions on March 31, 1921. It is made up as follows:

Debts, consolidated and perpetual .....	44,582 billions
Redeemable debts, including Treasury Bonds 10,149	"
Floating debt .....	29,834 "
Foreign debts .....	20,578 "

In the period just before the war the securities of the Italian public debt in circulation abroad (almost exclusively in Europe) were reduced to a minimum proportion, thanks to the improved economic conditions of the country and the policy of buying in such securities on the part of the national market.

At present, however, there is placed abroad a much more considerable quantity of securities, especially the last issue, which is, for the greater part, in possession of Italian emigrants, who subscribed largely to the war loans, particularly those 5 per cent consols issued

in 1918 and 1920, on which occasion, in America alone, securities were sold to the amount of about 1,700,000,000 lire of nominal capital.

The variation in the current value of our bonds reflects, as is natural, the changes in our political, and financial situation.

Our greater international debt (5 per cent consols now  $3\frac{1}{2}$  per cent from an average of 68, the price at which they were issued in the first series) fell in 1866 to a minimum of 38, as a result of the financial crisis and the depression of credit of that tempestuous year. Successively a reforming, energetic financial policy brought about a progressive improvement in the quotation of government securities, until in 1886-87 they reached and even exceeded par.

The depression of credit in the difficult period that followed brought about a falling off in the quotations until they touched a minimum of about 85 in 1894 and 1895. The rapid recovery of the economic balance, due to the energetic financial measures adopted at that time, and the improved credit conditions bettered the quotations of the bonds, and permitted, in 1906, the conversion of the 5 per cent and 4 per cent consols to 3.75 and then to 3.50 per cent.

After the beginning of the Great War, the conditions of the monetary markets, the financial difficulties of the state in meeting the enormous necessities for which it had to provide, and the enormous quantity of securities issued, the always growing want of equilibrium in the state budget, the decline of credit, produced a falling off even in the quotations of government se-

curities, which fell in the market especially after the publication of the law on the obligatory registration of securities.

The perceptible improvement already obtained in the last few months in the state balance sheet, and the measures adopted or in preparation for the adjustment of expenditures and revenues have already had a favorable influence on the course of the quotation of securities; there is no doubt that when once the finances are restored by balancing the two sides of the national budget, and funding the floating debt, the market value of our public bonds will rise toward par.

## II.

### CURRENCY.

With some hesitation I presume to talk to you on the subject of currency, because I realize that I am addressing the people of a country which in this field has been guilty of every error, and for every one has found the appropriate remedy, and whose experience was a lesson to the rest of the world.

In Italy we followed with deep interest the wide enquiry conducted after the financial crisis of 1907 by your National Monetary Commission, created under the terms of the Aldrich-Vreeland act of the 30th May, 1908, which may be called the most extensive encyclopædia of the science of banking. Through a series of fortunate acts we succeeded in arranging and ordering our banks of issue, which have been reduced to the

number of three since the beginning of the present century; the Bank of Italy, the Bank of Naples, and the Bank of Sicily.

Before the war, in spite of paper currency, our national economy prospered, and attained a result unheard of in other countries with paper currency. Our banknotes commanded at the moment a premium over the gold coins of the whole world, yours included. This was quite the reverse of the present situation, when people of your country are on the point of being deluged with an excess of gold.

Favorable exchange, which was the fruit of prosperous agriculture, of a manufacturing industry, of orderly and sound finances, of foreigners flocking into Italy, of emigrants sending home from over-sea and European countries substantial savings, realized at last the dream of long years spent in striving to improve the budget. One result of this was the conversion of the government bonds from 4 per cent to 3½ per cent. But this happened later, after the successful reform of the currency.

At that time we resisted successfully the dreaming financiers who believe that increasing the issues of paper money increases the wealth of the nations, like the photographer who was fool enough to believe that by multiplying photographs he could increase the population.

But the imperious necessities of the war upset all our program of serious finance as it upset the finances of all the belligerent states, and as the world-wide repercussions of the war itself upset the finances of the neutral states.

For an exact understanding of the present situation of the paper money circulation it is necessary to observe:—

First, that a part of the increase which has taken place in the circulation of notes depends on the effective increase of the Italian population following the occupation of Trentino and Venezia Giulia.

Second, that to the increase of the population must necessarily correspond an increase of the average circulation, so as not to create obstacles in commercial transactions. In fact, an increase in the state notes became indispensable, since these notes were destined to substitute, in the countries that belonged to the ex-monarchy of Austria, the notes of 1, 2 and 10 crowns issued by the Austro-Hungarian bank and employed in small transactions.

Third, that for the same reason, the circulation of banknotes, issued on their own account by the banks of issue has augmented to a certain extent. Nevertheless, from the first months of this year there has been a notable and satisfactory diminution of about one billion and a half.

Fourth, that it is necessary to deduct from the bank circulation caused by public borrowing about 400 millions of lire that the banks of issue lent the Treasury, for the latter has not used the notes for its own needs but loaned them to the *Cassa dei Depositi e Prestiti*, on ample collateral security in order that the Cassa might liquefy at least a part of its assets at the beginning of the war.

Finally, it is necessary to deduct from the bank circulation caused by public borrowing other amounts



appropriating about two billions of notes furnished to the Treasury, not to place it in a condition to face the cost of the war but in order to intensify the economic activity of the State directed to attain ends of public utility.

All our endeavors are aimed at balancing the budget. When we shall have attained this end, and we shall reach it at the cost of any sacrifice, we will face the two great desiderata for making sound the national Treasury, viz. the consolidating of the floating debt, and the gradual but continual diminution of the paper circulation. Italy faces the fact that in the end a diminution of the paper money is the essential condition of a return to a healthy economic state. To this end a favorable balance of trade contributes, but in the last analysis the inflation of the paper must be stopped and contracted.

### III.

#### FOREIGN EXCHANGE.

Before the war Italian exchange on the principal money markets kept very close to par: it fell below in 1914 (from August), and especially in 1915 in consequence of our coming into the World War. During the years 1916, 1917, and in part of 1918, that is, until the international agreements were made, particularly with the United States, the depreciation of exchange caused great anxiety. The signing of the armistice and the restriction of credits conceded by the British and United States governments did not permit a further pegging of lire exchange. From that time on, the lire

has with alternate rises and falls, maintained its tendency to decline in value as expressed in terms of foreign currencies.<sup>1</sup>

On May 31 the rates of exchange showed a notable improvement to be followed, however, by a new depreciation.

I believe that in spite of the serious obstacles that the ever-spreading protectionism puts in the way of our exports, the exchanges must improve.

Our international politics, inspired by the high aim of world pacification and by a sincere desire to contribute to the economic rehabilitation of Europe, and our financial and fiscal policy that resolutely aims with strong proposals to attain an equilibrium in the budget and the reduction of the circulation of paper money, are the most conspicuous factors on which one may certainly rely for such hoped-for improvement.

By decree of July 10 provisions have been made for return to free dealings in foreign exchange, thus cancelling all the restrictions pre-existing. The national institute for foreign exchange has been temporarily kept up only as a technical office in order to supply the state treasury with the means they need for the payments made abroad, until the buying of cereals abroad by the State should cease. The State will continue to buy cereals till the end of this year, and then will cease.

	<i>Paris</i>	<i>London</i>	<i>New York</i>	<i>Geneva</i>
<sup>1</sup> 31 December, 1913.....	100.47	25.40	5.18	100.40
“ 1914.....	103.39	25.8	5.33	101.45
“ 1917.....	140.30	39.87	8.385	190.40
“ 1918.....	116.	30.35	6.33	129.50
“ 1920.....	169.61	100.31	28.22	433.43
31 May, 1921.....	158.33	74.30	19.13	334.31

The problem of exchange is one of those which has led to most ardent discussion and deepest research among economists of all times, from Goschen's classical work on the subject and Leon Say's famous report on the war indemnity paid by France to Germany after the war of 1870-71, to the present day.

All economists agree as to the causes which influence exchange:

First: Under normal conditions (*par exchange*) the main factor is the excess of imports over exports unless such an excess is balanced by indirect foreign receipts of some kind, as for example, the income from shipping traffic which before the war accrued to England, owing to her flourishing merchant marine, and the income which France derived from her investments in foreign countries.

Second: Under the abnormal conditions of paper money, the main factor comes to be the inflation of currency and persistence in the policy of paper money issues.

Third: The psychological element consisting of confidence in the productivity or industrial and agricultural development of a country, in the solidity or reliability of its finances, in the stability of its form of government, in the tranquillity of its internal conditions.

Lastly: The element of speculation which sees in fluctuations of exchange only an opportunity for international gambling, and which undoubtedly exercises a disturbing influence.

These are main factors. If the economists are in accord with regard to the elements which contribute

to determine unfavorable exchange, they do not agree as to the relative importance of each of these factors nor as to the remedies which can be applied.

I do not intend participating in the discussion which would require more time than I have at my disposal. I shall simply say that one remedy depends entirely on the internal policy of the country which has an unfavorable rate of exchange. If I may use an American slang expression, I should say that "it is up to that country" to do all that is in its power to right its trade balance by strict national economy, to impose a just system of taxation, to reduce to their lowest minimum all military expenses, and finally to cease the issue of paper money. The important factor of the reduction of armament may be in some degree the outcome of international agreements such as we hope shall be the result of President Harding's noble initiative, to which I have already alluded in one of my first lectures, and I shall not therefore repeat what I have said. In the same way I shall not refer to another means of reducing the rate of exchange, which consists in developing the exports and the imports or, in a word, in increasing world-trade, as I have already dealt with that when I demonstrated in my last lecture the hindrances to commerce caused by anti-liberal economic policies and by the restrictive trade measures which the different countries enact in the hope of cornering the wealth of the world.

But I wish to say a few words briefly about a scheme which a well-known Italian economist has proposed, and which seems to me both practical and feasible. I must, however, before doing so, speak of another per-


turbing element in the unfavorable exchange of certain countries, which some may be inclined to consider as temporary, but which will be a very present difficulty for at least a generation and ought therefore to be carefully taken into consideration. I refer to the German war indemnities, which for many years to come will weigh on financial conditions everywhere. The payment of the first instalment of German indemnities has already unfavorably affected the exchange of both France and Italy, which are the two weakest countries, from a currency standpoint, and which therefore are most subject to disturbance. In order to pay her war indemnities Germany must purchase American dollars which will, thus being in demand, increase in value and thus increase the already wide gap between the dollar and the other currencies, such as the English pound sterling, the French franc, and the Italian lira. Thus, the purchasing power of the indemnity which France and Italy receive from Germany is seriously diminished by the loss which they incur in their turn on their foreign payments on account of the increased depreciation of exchange.

The Commission for Reparations established by the Peace Treaty has not given proof (we must admit) of much foresight. In the last payment made by Germany the influence of exchange was rather slight. Some American papers explained it by alleging that a special form of payment in foreign currency, without the need of conversion into dollars, had been devised. On the contrary, the payment was made in dollars by means of the Morgan bank and amounted to five million dollars, while the previous payment was

two hundred millions. The slight influence which the payment exercised on foreign exchange is due to the relatively low sum which was paid and to the fact that the dollars required for the payment were at hand, having been collected little by little, thus avoiding flooding the markets with foreign currency in order to obtain dollars.

For the future the utmost uncertainty will be felt with regard to the means and the markets to which Germany will have recourse in order to obtain the dollars necessary for her payments, and with regard to the time and manner of such operations.

This problem came up for discussion and was very competently debated in two of your "Round Table Conferences," respectively presided over by two such authoritative men as Mr. Norman Davis and Professor Taussig. As a result of these discussions the advisability, nay, necessity of the payment of war indemnities in merchandise and natural products rather than in money was urged. This, in fact, is the basis on which Italy is negotiating with Germany at the present moment. France, also, after having at first refused payment in merchandise, seems to have taken now the same stand as a consequence of the conference held by M. Loucheur and von Rathenau. Similar conclusions are mentioned in the report on the payment of German reparations, presented by the French Commissioner, M. Casenave. However, it seems to me that after having determined the amount of reparations to be paid by Germany, the Reparation Commission could well leave the manner and form of payment to a special, technically equipped body, made up of



the representatives of the treasury departments of the different countries and of the banks of issue. On this new body as on the Reparation Commission, the United States ought to be represented.

The United States, to which has flowed, as into a reservoir, all the gold currency in the world, really suffers just as much on account of their favorable exchange as do other countries on account of the opposite conditions. In the report issued by your Department of Commerce in these last days one reads the following noteworthy sentence:

"The foreign exchange situation also had an adverse effect on American exports last year. With exchange rates of foreign currencies depreciated to a point which made prices in dollars prohibitive, with declining imports, the impossibility of settling the balances already due the United States in gold, the difficulty of arranging further credit facilities, with cancellation of orders, rejection of goods already shipped, and collection drafts dishonored, it was impossible for exports to continue at the usual rate." The papers have announced that an international conference would be held in Washington for the purpose of stabilizing the rates of exchange. But it was later denied. I wonder why. Perhaps because it is believed that insurmountable obstacles lie in the way of such a beneficent object. Is an international agreement to regulate and make stable the international exchanges possible? My friend and colleague in the Italian Senate, Luigi Luzzati, affirmed it in an eloquent speech at Paris in 1916 at a meeting of the international parliamentary committee of commerce. As early as 1907, after the terrible financial crisis in the

United States and Europe, Luzzati read at the Institute of France a memorandum on international monetary agreements. This can be considered the preface to his speech of 1916.

Luzzati at that time invited the allied and associated Powers (extending the invitation to the United States of America, which had not yet entered the Great War) to constitute in Paris a permanent committee with representatives of the treasuries and banks of issue. These chosen technical experts, equipped with the necessary authority, were to organize an international clearing house for the purpose of stabilizing the exchange, which could in its turn be connected with similar clearing houses likely to spring up in other countries.

Luzzati's idea was to constitute this clearing house on the lines of the Postal Union, which in its latest development has certainly become a great clearing house, but does not weaken the autonomy or the independence of a single state. With so many different systems of coinage and bank notes it would appear that a universal liquidation of debts and credits must be impossible. Nevertheless, the Berne (Postal Union) office of accounts examines the debts and credits of every allied state and compensates them with wonderful ease. We Italians are often creditors, thanks to remittances from our brave emigrants, who with their labor have been improving the soil of every country, and who then came home in great numbers to defend their country.

This great clearing house would be able with the help of its special checks to settle the debts and credits, paying immediately (with proper postponements) the



differences, should it prove necessary, or to arrange for credits. It would appear better to make the credit arrangements in advance, because by such arrangements the clearing house would be able to proceed at once to the stabilization of exchange. In this way we might have attained a great end without delay; namely, the exchange, if not at once made on the same basis as gold par, might at least have been controlled by preventing audacious speculation from dominating everywhere as it does at present, and by checking the useless and expensive circulation of debits and credits, and by lessening the transfer of cash from country to country.

French economists and statesmen who were in the majority at the meeting upheld Signor Luzzati, but later they did not encourage their own country to set about the suggested reforms as it might mean to them some losses on the exchange. The English army and later the American left in France very great amounts of gold. The French, having debts abroad, changed this into foreign bills. Since then, however, dark days have descended also upon France and her exchange also has depreciated very much more than in 1919. If the clearing house had been put into effect, the exchange would not have risen against her as much as it has done.

These new and vigorous proposals were seriously and honestly censured and were received with protest and bitter opposition on the part of speculators who are to be found everywhere, in Italy as well as in France, in England as well as in the United States of America, and who take advantage of any faulty system. But

at the international financial meeting at Brussels, called last year by the League of Nations, the proposition of a clearing house was once more brought up and was warmly recommended.

But these difficult technical problems should be studied separately and independently by an international commission (to which should be granted complete authority) composed of representatives of the treasuries and banks of issue, on the basis of the suggestions of Luigi Luzzati and of his practical plan put forth in the hall of the French Senate. As the plan is new and important, I have called your attention to it, in order to show a possible way out of the difficulties of the situation.

#### IV.

#### TAXES.

During the war Italy already commenced greatly to increase the taxes in order to meet the enormous financial obligations and has resolutely continued doing so. One cannot ask that such an improvised tributary system should conform to the principles of sound finance and divide the burden equally among the citizens, and not damage the sources of riches and production. It has none of these virtues, but with all its very serious defects represents the courageous effort of a country which, at the cost of any sacrifice, wishes to balance its budget and to restore its finances.

The tax on capital which in France and England was rejected, in Italy was applied with high progressive rates, and it is now calculated that it will extract not

less than 15 billions from the national wealth. The only concession to the contributors has been the payment by instalments covering a certain number of years.

The profits of the war have all been turned over to the State; nominative shares are now compulsory. Very high special taxes have been levied on the profits of the administrators of the stock companies and other extraordinary taxes have been levied on dividends, on interest and premiums on bonds of corporations; on the redeemed lands, on the long-leased land tenures, on game preserves, on the sale of objects of luxury, on wines. All the taxes already existing have been notably increased. An enormous increase has been made in the tax on inheritances so that the personal rate, in some cases, may reach 80 per cent. The tax on endowments was increased 50 per cent, and likewise all the taxes on business and the taxes on consumption.

The *decreto legge* of the 24th of November, 1919, is a milestone in the history of Italian finance. With the 1st of January, 1922, the old and new taxes on income will be abolished and in their place will be substituted:

1. As a basis a normal tax on income corresponding to the English normal tax, which strikes the income at the rate of 18% in the case of income from capital, at the rate of 15% in the case of income from both capital and work, and 9% in the case of income of public employees. Exemptions are conceded up to 1,200 lire and reductions up to 20,000 lire.

2. A complementary tax on income, similar to the Eng-

lish super-tax, which is imposed upon the net income of the contributor, after the deduction of normal taxes and charges of any kind, at rates from 1.25% on the incomes of 1,500 lire, to 25% for the incomes of 2,500,000 lire.

This assessable income is further reduced by *per capita* deductions varying from 600 to 1,500 lire according to the size of the family.

As I have already stated, there coexists with this the tax on capital which for the larger estates reaches the rate of 50 per cent.

An official publication estimates that the secondary charge *per capita* in Italy will amount to 18.28 per cent of the average income. But this percentage, in itself high enough, is lower than it would be if the above calculation were based not on the number of inhabitants, but on that of the tax-payers, as would be more logical.

We must also take into consideration that the incomes considered in Italy as being high correspond to those which in other countries are merely average incomes.

The burdens of the next financial year will be especially heavy for the Italian tax-payer. For on account of the doubling (and for the space of four months the tripling) of the tax on capital and of the complementary tax on income, the average incomes will be entirely absorbed by the taxes which the large incomes will have difficulty enough to pay, considering that for the largest all taxes can amount this year to 170 per cent of income.

Abroad these sacrifices of the Italian contributor are not sufficiently appreciated. In a sitting of the Italian

Senate of last June, I was able to express my ideas about the matter as follows:

"Forced by necessity, state, provinces, and communes have notably increased the existing tributes. Other new ones have been created with high rates, with exaggerated progressions, which increase the inequality of distribution of fiscal burdens, take away from agriculture and industry part of the necessary capital and render difficult to many citizens the balancing of the domestic budget.

"Abroad rumors contrary to the truth and so far uncontradicted are about and have even penetrated into parliaments affirming that Italy has not shown the courage of other states in having recourse to heavy taxation. Thus, this disparaging criticism that denied Italy a just appreciation of sacrifices and loss of men and money sustained in the war, has continued to injure us in our peace.

"The erroneous judgment as to the burden of our taxes has been supported by statistics coming from competent sources, widely spread and reproduced by many newspapers, in which a comparison between the taxes of different states is made on the basis of average per capita taxation, by rendering the absolute figure of the tax into dollars or pounds sterling, not at par, but at the present exchange. Anyone can see the fallacy of such a calculation in which the rate of exchange is regarded as diminishing the taxes we pay at home, while instead it should be considered as a supplementary tax that we pay abroad.

"It would be easy for me to continue to complete the refutation of these erroneous calculations, but I have said enough to give me the right to raise a protest in support of which I will quote but a single figure. The state, provincial and communal taxes will give in 1920-21 a total of 11 billions and in 1921-22 will certainly reach the huge

figure of 14 billions. This should disarm all malignant criticism."

The Italian tax-payer has always had the unsought-for privilege of carrying the heaviest tributary burden. Even before the war an Englishman, Bolton King, declared in a book from which I have already quoted: "Italy pays a higher percentage of income taxes than any of the large European nations."

## V.


### INTERNATIONAL CREDITS.

To conclude, I shall say a few words about international credits, which was the subject of the recent financial conference in Brussels. The decisions of that conference were based on the following unimpeachable premises, namely:

1. That war has profoundly changed the normal functioning of the financial markets.
2. That certain countries cannot return to their former economic prosperity unless credits of long-standing are put at their disposal by the economically stronger countries.
3. That these loans cannot be granted by the Governments themselves but must take the shape of private and corporate loans.
4. That the great obstacle to the concession of these loans is the difficulty of finding adequate security and guarantee.

However clear and precise these considerations may appear and are, the practical conclusions which were derived therefrom by the conference are sadly lack-

ing in usefulness. Three proposals of more detailed and practical character came up for discussion at the conference of Brussels. One was the project framed by the then Belgian Prime Minister and Minister of Finance Delacroix, by which an international reserve bank was to be formed whose capital should be subscribed for by different countries, and which by means of international obligations would have financed international commerce. A second was the project of the Dutch banker, Ter Meulen, which contemplated the establishment of an international trust and guaranty company for the administration of the various guarantees offered by the countries in need of money, such as railroads, customs, receipts, state monopolies, etc., under the supervision of an international financial committee. Finally, there was a third project of Sir Marshall Reid, delegate of India, which modified in some particulars the Delacroix project combining with it some of the principles of the Ter Meulen plan. Italy and Belgium both advocated the adoption of the Delacroix project, and as second choice, that of Sir Marshall Reid, but the majority of the delegates voted for the Ter Meulen proposition with but slight modifications. This solution of the question is only feasible in the case of Austria and Hungary and Poland, and could never under any circumstances meet the existing conditions of either Italy or Belgium. I do not mention the system of *finishing credits*, suggested by the economic committee of the League of Nations, a system under which raw materials continue during their successive transformations to serve as security for the credits which have been granted, while the reimbursement of



the credit is a first charge upon the receipts from the sale of the manufactured articles. Both the legal experts and business men of many states have expressed their unfavorable opinion about that system.

Other plans which have been suggested for the same purpose, namely, that of financing foreign commerce, have not offered promising results. I shall mention only the project of Lloyd George of August 18, 1919, which became a law in the following year. By it a department for export credit was created in connection with the Board of Trade for the purpose of furnishing long-time credits in favor of those countries which were willing to buy British-made articles but were not able to do so on account of their depreciated currency. This department was gradually to take over all those international loans which the banks were not in a position to handle, but which they advised the department to deal with. This bill was ineffective, principally for two reasons—first, because the sphere of action of the new department is limited to countries with a highly depreciated currency, and not to all countries with depreciated currency; secondly, because it only furnishes credit for the purchase of finished articles and does not include that of raw or unfinished ones, thus becoming a protectionist measure rather in favor of British industry than of the foreign countries which are to import the articles. Such a measure will not only prove useless to Italy and Belgium, but tends to damage them as it tends to close to their manufactured products the markets of central Europe and the Orient.


Although conceived along broader and more practical lines, the American system, which goes under the



name of the Edge Act, has still to give positive results. The purpose of the Edge Act is to allow the formation of "foreign financing corporations," which may issue debentures to the extent of the credits which they accord to foreign merchants, and by the sale of the same reimburse the American vendor. It is the business of the corporation to obtain from the foreign customer the necessary guarantees. You are well aware of the attempt being made to constitute a colossal "foreign trade financing corporation," whose capital is to be one hundred millions of dollars, and which has met with the approval of the great American Bankers Association. Unfortunately, this large proposal has encountered serious difficulties owing to the severe commercial crisis which is still raging through the whole world, so that the necessary capital has not yet been subscribed.

One can therefore say that to this present day, the vital problem of international commercial credits is still far from being solved. The solution might be hastened by the enactment of certain measures, such as the unification of international legislation with regard to letters of credit, bills of lading, etc., with the creation of an international clearing house, an international agreement to avoid duplicate or triplicate taxation of commercial interests on the part of the different countries, and finally, the extension of insurance to all commercial credits such as the English Trade Indemnity Company now practices on an ever larger scale.

With regard to the tariff, Americans must sooner or later realize that only by not putting obstacles in



the way of our exportation can they help us to reconstruct our economic prosperity, and thus allow us to pay for our purchases. This ability to pay will grow as our wealth develops, and will eventually enable us to dispense with credit. Americans cannot be damaged by our importations, and we have no desire to increase our duties on American products. A reasonable commercial agreement would seem to be useful to both parties. In this connection, I must call your attention to the memorandum presented by the Italian Chamber of Commerce in New York City to the Ways and Means Committee of the House of Representatives and the Senate Finance Committee on the revision of the customs tariff and the Emergency Tariff Bill.

The aforesaid Chamber of Commerce declares that it represents not only the commercial and industrial classes of a community of nearly four millions of their kinsmen in the United States, of whom half a million are in the city of New York alone, but also the general interest of American firms having trade relations with Italy, and that its purpose in presenting the plea is to promote commerce and mutual friendly relations between United States and Italy, as well as in the production and trade of domestic articles, and generally in the welfare and prosperity of both countries. I will not repeat the conclusive reasons which are given in that really noteworthy paper that has been filed with Congress, but allow me to express my hopes for the carrying out of the suggestions which are therein offered and which would greatly improve Italian and American commerce.

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The conclusion of my present lecture cannot be different from the conclusion of the last. If we do not want to fall back into the divisions of the Middle Ages, which now would be so much worse, we must ever keep before us in our international trade the guiding principle of human co-operation and human fraternity, in exchange, in credits, in monetary systems.

These material interests so often end in darkening the sky over poor erring humanity which misfortunes of every kind have not yet succeeded in making wise.

## LECTURE VIII.

### EMIGRATION.

Emigration is a natural phenomenon just as much as the migration of birds.

This fact so often stated finds its confirmation more particularly in seasonal migrations. For many years, though that period is now past, these seasonal migrations had their widest and most practical development in the departure of Italian agricultural laborers to Argentina, where they were called "Swallows," since they came for the harvest and returned immediately to their motherland for similar work, thus taking advantage of the alternating seasons in the two hemispheres.


Italian emigration, which was considered at one time solely from the demographic point of view, is now fully appreciated in its political and economic aspects as one of the most remarkable phenomena of our national life.

Even if considered simply from the demographic point of view, the importance of Italian emigration should not be underestimated. The number of Italians resident abroad, according to statistics based on recent foreign census figures, which bring the data published by our General Emigration Commission in 1912 up to date, approximately totals six million, or one-seventh of the entire population of Italy.

The stream of Italian emigration before the war was partly made up of temporary movements of our people to other continental countries, but principally by trans-oceanic emigration, in which returns to the country of origin are less frequent and more widely spaced.

If we fix our attention for the moment solely on certain statistics referring to the five years immediately preceding the European conflagration, exclusive of the year 1914 in which emigration and homeward journeys were influenced by the war, we find that the number of emigrants, which totalled little more than an average of 100,000 in 1880, had risen to 625,637 in 1909 and to the impressive figure of 872,598 in 1913. Of these figures, trans-oceanic emigration represents an average of 60% of the total.

The rhythm of the emigration movement was momentarily disturbed by the Great War, in which Italy was obliged to concentrate the efforts of all her sons without measuring her sacrifices of blood and money. The war being victoriously ended, the former movement, which had been practically suspended during the four years between 1914 and 1917, was gradually resumed, yielding in the two years 1918 and 1919 a total of 28,311 and 229,773 emigrants, respectively. With the year 1920, notwithstanding the grave crisis which took place in nearly all labour markets abroad, Italian emigration reached a degree of development but little inferior to that which took place during the ten years preceding the war, when conditions proved themselves fully favorable to the development of emigration. The figures for the year in question—400,000



emigrants—of which 60% are trans-oceanic, show a resumption of the traditional migratory habit. During the current year, the figures for the months between January and April are 110,000, almost entirely limited to trans-oceanic countries, and among these, essentially to the United States.

While examining this phenomenon, which constitutes one of the most salient facts of Italian economic life, in its general lines, the contribution of effort and labour which Italian emigration has brought to foreign countries should not be neglected. The better to value this contribution, it is sufficient to consider the division into categories of our emigrants. For the five years between 1909-1913, we find that the total of our emigrants comprises: agriculturalists to the extent of 32%, day labourers and unskilled workmen generally, 30%, masons and bricklayers 12%, skilled workmen employed in different industries 13%, emigrants following commercial vocations and liberal professions, 13%. These percentages, when placed in relation to the total figures, clearly show the sum of energy represented by our emigrants in foreign countries, especially by those of the first two categories which taken together account for 62% of the total of our emigrant labour. Agriculturalists, who represent about one-third of this total, make up the bulk of the migratory stream directed to Central and South America. Day labourers and unskilled workmen, who come second with an average of 30%, account for the migratory stream principally attracted to enterprises in the United States.

The phenomenon of emigration, however, should also be considered in connection with its contribution to

national economy. It is a well-known fact that, thanks to emigration, an imposing and uninterrupted stream of savings pours into Italy from foreign countries. This fact is proved by statistics establishing the number and value of money orders taken out in foreign countries and paid in Italy; the totals for sums paid into postal savings banks to the account of Italians resident abroad; the remittances of emigrants paid in Italy by the Banco di Napoli, and lastly the sums arriving in Italy from abroad by means of registered letters. But not all the savings of our emigrants return to the mother country.

In some states of Brazil, capital and savings are invested to a considerable extent in local industries, or are deposited in Federal banks; whereas in the United States of America, where a considerable number of savings banks were already in existence, some of which specially placed at the service of emigrants, the Federal Government has created a close network of banks, often organized in a form similar to that of co-operative societies, with the explicit aim in view of limiting the outflow of savings. Deposits in these banks are by law invested in state, government and municipal securities, railway bonds or first mortgages. Let me give but one example: one savings bank largely patronised by Italians has accumulated five million dollars after operating only a few years; its deposits are given an outlet in local investments. In California especially (although the greater portion is sent back to the mother country), the savings of the Italians constitute one of the sources of new capital. In San Francisco, with a colony of 30,000 Italians among a population

of 500,000 inhabitants, there exist four flourishing Italian banks, in which deposits amount to over fifty million lire; this amount, however, also comprises American capital, and the savings of the 100,000 Italians scattered throughout California.

The large sums returned by our emigrants to the mother country are an important compensating factor in the restoration of our trade balance, making up as they do the greater part of the unfavorable difference between imports and exports. So that the importance of emigration in connection with Italian economy is beyond discussion. Nevertheless, Italian labour might be utilized to far greater advantage than is the case at present.

The ample array of facts collected some years ago by the commission of enquiry as to the condition of agriculturalists in the south of Italy, demonstrates that our emigration has proved itself a powerful element of economic revival in those districts.

In the last place, let us not omit the financial assistance supplied by our emigrants in philanthropic gifts to the mother country and in subscriptions to the various national loans floated during the war, to the last of which our emigrants contributed nearly two billion lire.

However, since I have the honour of speaking in this country which gives hospitality to the greater portion of our emigrants, Italian emigration in its connection with the relations between Italy and the United States deserves particular attention.

The development of Italian emigration to the United States has taken place within relatively recent times.



The total of departures prior to 1880 was insignificant. But, dating from 1880, we find an ever-increasing number of emigrants to the United States, reaching 195,345 in 1902, and the record number of 310,976 in 1906, or 22% of foreign emigration to the United States for that year. This record was approached but never beaten during the following years. The total number of Italians having emigrated to the United States, according to the figures of the United States Department of Commerce, for the hundred years between 1819 and 1919, is 4,100,735.

The phenomenon of Italian emigration to the United States was following its course at the outbreak of war with such regularity of feature as to cause it to be considered a normal manifestation of the economic life of the two countries. The distribution over certain districts of this current of emigration is highly characteristic, and has become traditional in particular groups of Italian regions, especially in Southern Italy, a land of hard workers noted for their tenacious industry, simplicity of customs and sobriety of life. In the United States, on the other hand, there exist districts and occupations which, by force of long habit, have been absorbed by Italian labor. Those who have employed Italians here are unanimous in recognizing the good qualities of the Italian worker, who brings no mean contribution to the progress of national economy.

At the cessation of hostilities, and with the re-establishment of over-seas services and free emigration, the United States presented to Italian emigrants the widest and most propitious field for the outlet of their

energies. Thus, Italian emigration, which had fallen during the war to 8,197 in 1917, and to 1,545 in 1918, rose to 41,164 emigrants in 1919, and gradually acquired development until, in 1920, the ascertained total reached 170,000, or about the same average as that for the five years preceding the war. From January to April of the current year, nearly three-fourths of the total of Italian emigration, or 80,000 emigrants, has been absorbed by the United States.

The restrictive measures recently adopted by the American Government have deeply shaken the traditions of Italian emigration, it being estimated that the number of Italian emigrants which the United States is prepared to receive—exclusive of such categories as are admissible on other grounds—cannot exceed 42,000 individuals per annum.

Although variations in economic conditions may bring about oscillations in the working of this phenomenon, nevertheless Italian emigration has taken on the characteristic features of a phenomenon of exchange and circulation operating between the Italian population resident in Italy and the Italian population of America. Family groups are split up between the two countries; financial vicissitudes arise which determine changes of residence; we find the sons of one district calling to their fellow countrymen; categories of workers exist, in certain given trades, the gaps in which by inveterate custom have ever been filled by other Italians.

Whenever any human phenomenon acquires such features as the above, which confer on its vicissitudes

so marked a uniformity, it becomes a fact deserving of benevolent attention and which it would be inopportune to disturb.

The ease and the increase of the means of communication of the news, the rapidity of transportation, have transformed in the last few years the working relations of the world, reducing the field of labor almost to a single market, especially with regard to Europe and America, where the laws of supply and demand reign supreme, determining almost automatically the movement of hands from one market to the other.

And this affirmation has never appeared as true as in the last years of economic crisis and of profound alternation in the domestic value and in the exchange rates of the monetary media of the various nations. No longer does the nominal wage determine the movement of hands, but that migration occurs in immediate correlation with the real value of wages, so that the intent of the emigrant and the full understanding of his immediate interests coincide with his final decision.

Nevertheless, it remains true that Italian emigration to the United States has become a natural phenomenon, if we consider that for over thirty years a dense stream of Italian emigration has been flowing to the United States, and that an Italian population of several million souls has settled there. The Italian who emigrates to America at the present day is always sent for by some member of his family, or by some former inhabitant of his native place who has found employment for him.


Those who are employed, and I am speaking now particularly of Italy, do not emigrate, as they know

that even if the cost of living in Italy is high, the wages which they are there able to earn permit them a comfortable existence. They also know that the wage rates now current in America, when due regard is had for the cost of living and the well-known tendency to reduce those rates, would not leave them a compensating margin.

But if among the unemployed of Europe there is the natural tendency to go toward those countries where the labor market promises a greater probability of employment, even among that class there is being manifested today, independently of the limitative law now in effect, such an arrest in their migratory movement that the American consuls themselves make mention of in their reports to their government. Besides, we are witnessing an ever-increasing exodus of the foreign workers from America, who, moved by the reality of the situation, emigrate from the United States, and tend to rapidly counterbalance the figures on immigration, indeed to surpass these figures, so that by the end of the fiscal year, there will likely be a negative balance in immigration.

These facts, which I have wanted to point out to you, are for the purpose of illustrating in its true terms the real situation to those who judge immigration only by observing its phenomena in determinate and short periods, and who are, therefore, led to attribute to immigration all the evils which afflict their own country in a particular period of its economical and social life.

In Italy we have not been immune from these errors generated by public alarm during periods in which



cold-blooded examination of economical and social contingencies of the moment have yielded to the pressure of public clamor. Experience, the more reasonable attitude of public opinion, wisely guided by a press better enlightened, therefore less susceptible to temporary impressions, and above everything else the ever more perfected action of the state which puts itself above the small interests of the individual or the passions of a few have permitted our country to maintain in operation a law which, while regulative in character, has conserved the national interests. The state while never intervening directly in thwarting in any way the personal wishes of the emigrants, has founded its action on a knowledge of the real condition of the national market and its relative position to foreign labor markets.

There come periods of great unemployment like those which the United States recently had to face in which it might seem useful, in order to meet the situation, to recur temporarily to the State's undoubted powers to prohibit because emigration laws are slow to manifest themselves in the desired manner.

It is evident that the American legislator has formulated the clauses which constitute the present prohibitive régime in an anxiety to establish some limitation at any rate. He, however, had the wisdom to make the artificial period brief, perceiving that whatever there was which was anti-economic in the provision, was not only so with reference to immigration, but, if the experiment were protracted, to the nation as a whole.

Today everything has tended to displace the regular

relations between nations. The essential reason we find in the abnormal conditions, social and economic, of certain nations of Europe.

We must, therefore, endeavor to hasten the return to absolute freedom in the matter of the migration of peoples—even though tempering it with opportune disciplinary clauses, but not of a unilateral character—for that freedom will conduce to the re-establishment of normality of labor and of production in every country, and to a wider exchange of goods and thus insure a greater supply of the necessities of life.

If there is a country in the world which is deserving of praise for having opposed any encouragement or stimulation of emigration, that country is Italy. With a strict law, promulgated twenty years ago and enriched by legislative enactments since, the Italian Government has succeeded in crushing the deceitful actions of all who, Italians or foreigners, in or out of Italy, in any guise, have promoted, favored or forestalled emigration and have cheated emigrants for their own private gain.

Only the agent of the steamship company or the sub-agent can now sell a passage when requested, and only at a price fixed by the law. Such rules prevent abuses of which, until the law was enacted, complaint was frequently made. Every undue pressure is prohibited and the authorities and the regional committees, purposely constituted, watch carefully the agents, sub-agents and their possible emissaries. Each infraction (even merely attempted) of the law is at once repressed and severely punished and brings in the end to the offender the loss of the right to carry

on his business. And in a thousand other ways guardianship and protection of the emigrant—his person, property, money and baggage—are supplied. At the places of landing the Italian government subsidizes philanthropic associations, organized under the law of the country, whose aim it is to co-operate with the local authorities in protecting the immigrant from the moment he lands till he reaches the place of proposed settlement, while special care is given to women and children and to young women who come here to marry. Italian legislation on Italian emigration may be termed a model of its kind and it has been studied and imitated by other European nations.

It reflects honor on the legislator who created it and on all those who direct the state organization, called "Commissariato Generale dell' Emigrazione" (Commissariat-General of Emigration), as well as upon the members of the Council of Emigration, among whom are men of all political parties, and especially those who are conspicuous for their knowledge of social and economic problems.

By the above-mentioned authorities the political and economical life of every nation towards which our emigration is directed is closely followed, studied in all its details and in all its consequences by a permanent service, so as to enable Italy to govern its action with intelligence in the delicate field of the movement of laborers. As a proof of the practical value of the action performed by the Italian state, I may remind you that only a few days ago your commissioner general of immigration, Mr. Husband, at a meeting of representatives of American and foreign

steamship lines engaged in transporting immigrants from all parts of the world, said that Italy on this occasion had given proof of greater discipline, and of the greatest respect for the American law, regulating with almost mathematical precision, and thus meeting the desires of the immigration office of the United States, the departure and arrival of its emigrants. Indeed, Italy has the lowest percentage of rejections from the United States, and these are almost exclusively of those whose cases are of doubtful interpretation under the American immigration law.

The control exercised over emigrants is intended to guarantee the public health both of Italy and of the country of their destination. Italian citizens or foreigners in transit are submitted to a rigorous medical examination and to vaccination, and passengers, baggage, and steamers to a scientific disinfection and, in case of danger of an epidemic character, men and things to a period of observation, isolation and quarantine. They are also subjected on board to all those measures which insure perfect condition of health, the strictest attention being paid to the immigration laws of the country of destination.

Don't you think that the eagerness and loyalty with which Italy complies not only with the strict enactment of your law, but also with your desires, gives her the right to ask that the unilateral action, in so far as it relates to our emigration, be replaced by co-operation, with twofold action, between two enlightened nations, worthy of understanding one another?

Don't you think that it gives her the right to ask



if the time has not come for a better co-operation between peoples, for a more intimate international existence, for a more human solidarity of labor, of production, of thought and affection?

If Italy desires that there be multiplied abroad the schools where the Italian language is taught, it is inspired by a sentiment exclusively ethical.

Italy, as is well known, is aloof from political intrigues or interferences of any kind. Such methods form no part of her state policy. For our people are educated to a profound liberal sentiment of respect for the nationality of others.

Italy, though ever ready to open her arms to her sons who return to her, has never hindered in any way the acquirement of the foreign citizenship on the part of Italian emigrants.

But it is for the sake of national dignity that she wishes preserved in her people abroad and in their descendants also, the mother tongue. It always causes me a sense of pain to meet children of Italian emigrants who have settled abroad and who do not speak or understand the language of their fathers. I consider the mother-tongue as a sacred heritage which all Italians living abroad have the duty to transmit to their sons and their sons' sons. I am strengthened in my conviction by the splendid example offered by the French-Canadians who have handed down their language from generation to generation for upward of three hundred years and who are none the less useful and loyal Canadian citizens. Only a better understanding between our two peoples, a stronger co-operation

between our two countries, can accrue to the United States and to Italy from the propagation of the Italian schools in your country.

It is regrettable to state, but here in the United States, notwithstanding the worthy efforts of the federal government and notwithstanding the treaty which binds the two countries, our working men do not as yet find in all the states a treatment equal to that accorded the natives in the matter of compensation as a result of accidents arising out of employment.

Recently two states, New Jersey and Connecticut, have in their legislatures cancelled the discriminatory provisions. But other states will keep up the discrimination, which is not supported either by legal or moral reasons.

But it is not only this contrast of moral character which we must solve; but also that which arises out of the difficulty which not infrequently the labor unions interpose to the admission of aliens into their bodies. The same difficulty existed in France but was happily removed. In France the labor organizations as long as they remained without a share in the solution of the immigration problem, and having no part in the legislative and administrative action relative to same, made it their duty to oppose all infiltrations of foreign elements upon the excuse of thereby protecting national labor.

From the day on which the labor organizations were called upon to consider with the state the problem of national labor and the recognition, because unavoidable, of imported labor was indispensable in filling the

gaps in the ranks of the French workers, the representatives of labor accorded rights to the foreign workers in a most liberal and conciliatory spirit.

And their decisions were just what we had expected; absolute equality of treatment in all that pertained to measures relating to social matters accorded to the natives; admission of the Italians into the sick and unemployed organizations; the right to vote and to election to office.

Italians and Frenchmen find today in the agreement between the two countries the recognition of the principle that there is no "*alien*" where men, descendants of the same illustrious civilization, unite in the common effort to create the wealth and prosperity of the same nation.

To the first agreement of June 9, 1906, between France and Italy I had the honour together with my eminent friend Luigi Luzzati, of affixing my signature. Partial agreements then followed in 1910 and 1912 on the basis of perfect equality for the citizens of both countries, and regulated the matter of accidents in the course of labour, of the employment of women and children, of old-age pensions, and of the transmission of postal bank savings.

Finally, two years ago, was signed a treaty between France and Italy which went into effect last year, a treaty which I began to negotiate immediately after the agreement of 1912, and which was afterwards developed in its technical details by our State Department for Emigration.

Without going into the details of the treaty, which in the provisions relating to compensation in case of

accidents and unemployment, and to admission into hospitals in case of ordinary sickness and occupational diseases, is still more complete than that which binds Italy to her neighbor, Switzerland, I merely mention the essential points, as in them are embodied principles which should form the basis of every similar international convention or agreement upon the rights of labor in every country:

- (a) No recruiting is permitted in Italy when the labor market conditions of the two countries are unfavorable;
- (b) Emigration is not permitted to those parts of the state where conditions are not opportune;
- (c) The Italian workers shall not receive less wages than those received by the natives in the same capacity;
- (d) No recruiting of Italian workers is permitted for the purpose of breaking local strikes or of substituting them for dismissed strikers;
- (e) The special authorities of the two countries to see that the conditions shall always be fulfilled;
- (f) A mixed commission of the government officials of the two countries and of representatives of labor organizations of workers to meet several times during the year in order to determine the quantity, quality and distribution of workers to be imported from Italy, and in determining the needs arise the most apt method of applying the provisions of the treaty.

This agreement is in full vigor, reciprocally satisfactory to both countries, and has the open co-operation of the French confederation of labor.

And, really, what labor organization of any country could refuse the government its loyal co-operation when the postulates mentioned in our agreement with

France, which answer the most elementary and justifiable exigencies of the internal labor situation would form the basis of any agreement between its country and another?

It is true that France—whose people and government are near to us—prefers above all Italian immigration, as it has publicly stated in the course of the negotiations, though seeking labor from nearly every country in Europe. But it is also true that the agreement has been possible because of the principles of liberty, most sincere and profound, which form the basis of the political life and its manifestations in both countries. From the good will of the governments and peoples of both countries is derived the possibility of the practical applications of the provisions of the treaty.

Dr. Robert R. Foerster of Harvard University has written a very important book entitled "The Italian Immigration of Our Times." Mr. Foerster quotes several of my addresses to the Italian Parliament which show that my constant preoccupation, when I had government responsibilities, has been to keep in due consideration any reasonable wish or demand of the United States about Italian immigration and maintain the closest union between Italy and America.

I can not agree entirely in all his numerous and noteworthy statements, but I entirely endorse his conclusions which conform to mine. He urges the calling of an international conference in which the laboring classes would be prominently represented and which would discuss the following points:

1. The adoption of standards of fitness for emigrants.
2. The distribution of fit emigration.
3. Citizenship.
4. The protection of emigrants.

I am fully aware that in some American circles Italian immigration is not always considered in a favorable light. Far be it from me to underestimate the value of some of the reasons advanced in support of certain restrictive measures. Some emigrants are distinctly undesirable. But should not the character of Italian immigration and the function which it exercises in American economic life, as based on fact, safeguard it from all prejudice? Italian emigrants are not derived from localities disturbed by political crises; they come for the most part from the south of Italy, and they emigrate with their families, carrying on in America that simple family life which is an inherent and century-old tradition with them. They find work in occupations which entail great industry and which it has become customary to entrust to Italians. They would not be easy to replace.

I do not like to call attention to the origin of our nation, an origin which is a title of so much nobility, for the Italian does not want to be judged through the illustrious Italy of his grandfathers. It would be enough to mention that our people have given at all times irrefutable proofs of integrity and honesty both of life and of sentiment, proofs which reflect themselves in the administration of justice, in that of the handling of the public finance, in the tenderness of the family relations; it would be enough to point to that which in fifty years of national unity this people

has made of an Italy which the vicissitudes of centuries had rendered poor, divided, politically and socially neglected.

You have at hand the evidence of the value of the Italian immigrant who, coming here poor, develops his life along new lines, in a different nationality and among complex interests which to him are unfamiliar. Look at the progress of those immigrants who have become model citizens, generally succeeding also in elevating their children in the social scale. Look at the Italians who, though nearly all descendants of poor peasants or small traders, participate honestly and loyally in your political life.


Look at the value of the work which the immigrant has created in America, in the roads, buildings, machinery, fields, always intensely contributing to the greatness of your country.

Every one must admit that the actual greatness of the United States would not have been possible if there had not concurred different forces, all acting in unison for the achievement of a single and high purpose.

This land is thus the highest expression of the common efforts of different peoples, who have united themselves for a high ideal and for a very high conception of political and social life.

A problem which concerns people, Congress and the Government of the United States is that of regulating immigration in such a manner as to be in a position to decide at any moment the quantity of hands which it is wise to admit to establish the quality and proceed to distribute them in the country.

While hurriedly, in order not to prolong myself, it



is yet necessary that I state that strong currents of agricultural immigration cannot be had if the country, or at any rate those interested and in agreement with the Government do not prepare to receive them, facilitating the acquirement of land and the clearing and cultivation of same by opportune agrarian credit laws. I will also mention the necessity of meeting the foreign immigrant and his family, especially if a worker, with a spirit of liberality not inferior to that accorded the native workers in legislative matters. I will observe that the objects which America pursues in the matter of immigration cannot be achieved if a general law is sought to be applied as a basis of treatment of immigrants without regard to their nationality. For account must be made of the diversity of adaptability of the immigrants of the various countries and of the different action the various countries are taking in the matter of emigration. Immigration legislation of the future must rest on conventional agreements.

For that which concerns us I can state that Italy is ready to give her hearty co-operation to a mutual understanding. She is ready to do this for she has acquired the habit of respecting the legitimate exigencies of foreign countries. She is ready because with its great state organization at the head of which is the Commissariat-General of Emigration, composed of government officials, state physicians, political and administrative functionaries, all working in order to put into being the prescribed dispositions of the national law, she has the means for carrying out immediately all the measures which might be agreed upon.

Now before turning the last page of my last lecture,



I owe a word of cordial thanks to all who have followed me with friendly attention in my excursion through the fields of legislation, of economy, of finance, of labor, in all of which I hope to have shown that Italy has something to say and to be proud of.

And now cordial thanks must also go publicly to our chairman, Dr. Garfield, who has been the originator and the guiding power of our meetings, and also to the officers of administration of the Institute of Politics, who have efficiently co-operated with him.

We separate mutually satisfied one with another, and with the most agreeable remembrance of the days we have spent together. And now allow me to conclude with the fervent wish that my country, great for the nobility of her past, for her present wisdom worthy of her traditions, for the firm faith in her high destinies—will always proceed hand in hand with your country—great for the wealth, for the energy and loftiness of her national life—in the progressive working of law and international solidarity, for the common good of all humanity!

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